

4 Killed Outside U.S. Base

Philippine Gunmen Slay GIs, Bystander

By Keith B. Richburg
Washington Post Service
MANILA — Two U.S. soldiers, a retired American serviceman and a Filipino were shot and killed Wednesday in three apparently well-coordinated attacks outside Clark Air Base, in what would be the first known terrorist assaults on American targets here in more than a decade.

In a fourth incident, a U.S. serviceman's car came under fire at about the same time, but he escaped injury, according to Major Thomas Boyd, a spokesman at the leased American base in Pampanga Province north of Manila.

All of the attacks occurred within 15 minutes of each other, beginning shortly before 4 P.M. They all occurred within two miles (3.2 kilometers) of the base.

No one claimed responsibility for the attacks, and the U.S. military refused to speculate about the perpetrators.

"We don't have any way at this time to determine whether the attacks were coordinated, whether Americans were specific targets, or what the motives were," Major Boyd said. "We have not come to any conclusions. It is too soon."

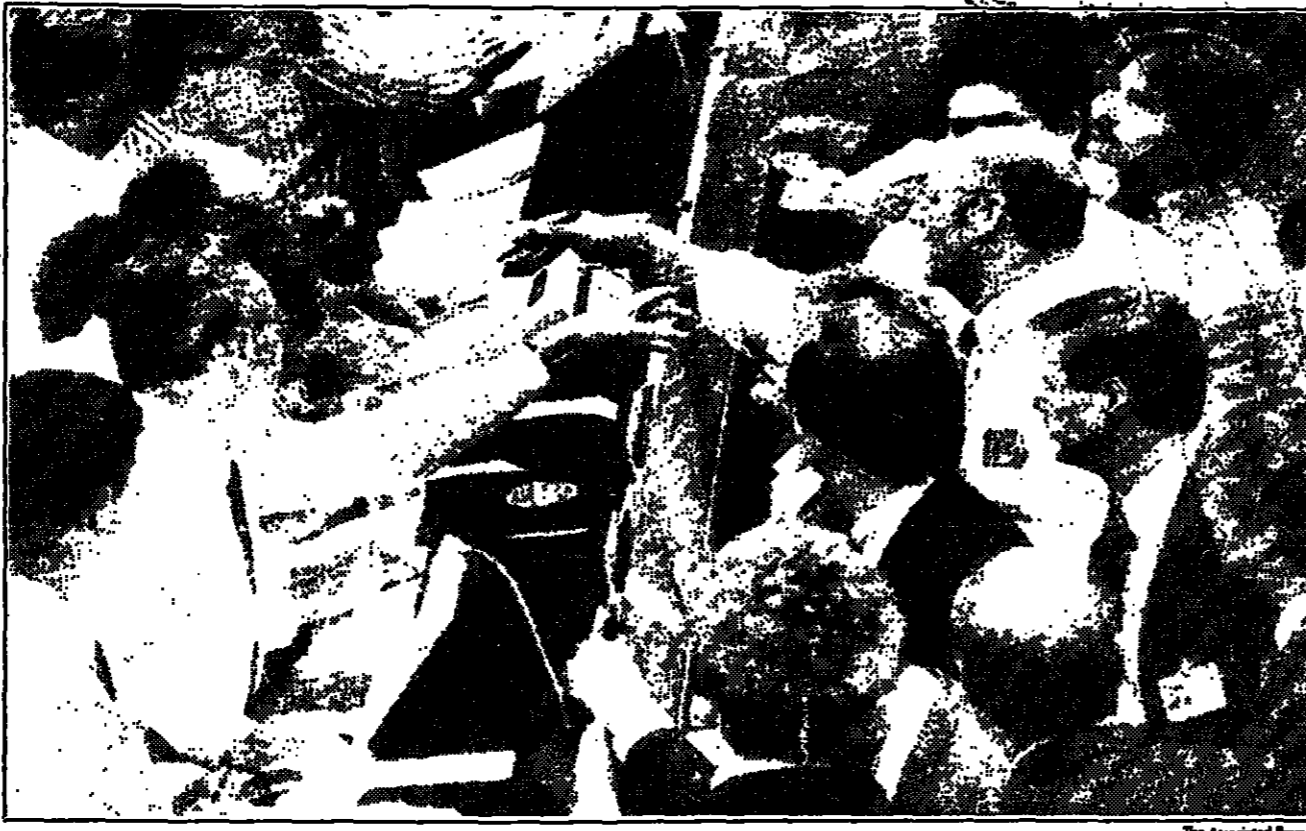
Most analysts said that the attacks could be the work of Communist assassins or of rebel rightist military officers who wanted to destabilize the government of President Corason C. Aquino.

One of the victims was killed while walking near a restaurant in Dau, and another was killed on the road to Carmenville. In the latter attack, military officials said that a Filipino who tried to come to the aid of the American victim also was killed.

A car carrying an American came under fire at about the same time on the road to the Sunset Valley housing subdivision near the base, but the assailants apparently missed. In the fourth attack, a retired air force serviceman was killed at Hensonville.

Major General Donald Snyder, the commander of the U.S. 13th Air Force, appealed on the armed forces television station in Manila

See ATTACKS, Page 8



There was hectic trading Wednesday on the floor of the Frankfurt stock exchange, and prices fell sharply.

Tax Hike: Solution or Recipe for Disaster?

By Leonard Silk
New York Times Service
NEW YORK — Just when President Ronald Reagan and Congress have started moving toward a compromise on measures to reduce the federal budget deficit, with the logjam apparently broken by the stock market plunge, an unlikely alliance of economists is warning that shrinking the deficit by raising taxes and cutting government spending would be the wrong thing to do at the worst possible time.

Robert Eisner, a professor of economics at Northwestern University and the president-elect of the American Economic Association, has attacked budget cutting now as "conventional wisdom" that threatens "economic disaster." It would be a "mindless throwback to the economics of Herbert Hoover," he says.

Paul Davidson, professor of political economy at the University of Tennessee and editor of the Journal of Post-Keynesian Economics, says

that, after the market plunge, raising revenues and lowering government spending to reduce the deficit "can exacerbate current recessionary tendencies and can even create a second Great Depression in the 20th century."

And some of Mr. Reagan's most committed supporters of "supply side" economics, such as

NEWS ANALYSIS

Paul Craig Roberts of Georgetown University and Jude Wanniski, president of Polyconomics Inc., oppose any budget-shrinking moves involving tax increases. Such steps, they say, would have the perverse effect of reducing tax revenues. New taxation would chill the economy, reduce personal and business incomes, and thus lower tax receipts.

Mr. Reagan, while sending his men to negotiate with Congress, has continued to assert he will resist a tax increase, though willing to

accept measures that could be called "revenue enhancement."

The Wall Street Journal's editorial page warned that "the sight of the president selling out what everyone knows to be his beliefs will be anything but reassuring to the markets."

So goes the provocative argument being made by strange bedfellows, the liberal hard-core Keynesians and conservative supply-side marks. As arresting as it is, does their warning make sense? Or is the need to reduce the budget deficit at least as compelling today as it was before the crash, or even more so?

Obviously, not all Keynesians share Mr. Eisner's and Mr. Davidson's fear of throwing the economy into recession. Lawrence Summers, professor of economics at Harvard, calls Mr. Eisner and Mr. Davidson "hard-core Keynesians," in contrast to "eclectic Keynesians" such as Professor Robert M. Solow of the

See TAXES, Page 15

Falling Dollar Unsettles World Stock Prices, but Wall St. Shows Stability

Banks Act to Aid Currency

By Ferdinand Protzman
International Herald Tribune

FRANKFURT — Central banks bought massive amounts of dollars Wednesday on foreign exchange markets as the U.S. currency slid to its lowest level since 1980 against the Deutsche mark.

Economists and currency traders called the intervention a major coordinated effort to control the pace of the dollar's decline.

Finance Minister Gerhard Stoltenberg of West Germany confirmed that the central banks of leading industrialized nations had coordinated their actions "to stabilize currency rates."

"If necessary, it can be stepped up on an international level," he said in a statement released by the Finance Ministry.

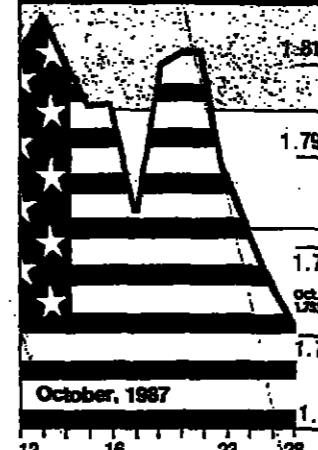
The intervention helped the dollar recover from the day's lows in Europe. But a statement later by Jacques Delors, president of the European Community's executive body, caused the dollar to spiral downward in New York.

Mr. Delors asserted that the United States was prepared to allow the dollar to fall to 1.60 Deutsche marks, a level it has not seen.

The dollar tumbled nearly 2 pennies in New York to close at 1.7980 DM, down from 1.7575 Tuesday. It fell to 138.45 yen from 140.85, to 5,8240 French francs from 5,8985 and to 1,4345 Swiss francs from 1,4475.

The dollar also fell against the British pound, which strengthened to \$1.724 from \$1.704. In Washington, the U.S. Treas-

The Dollar's Recent Weakness



Dow Rises A Fraction

Compiled by Our Staff From Dispatches
NEW YORK — The New York stock market struggled to regain its balance on Wednesday but only blue-chip stocks succeeded, with the Dow Jones industrial average inching up 0.33 point.

The rest of the market tumbled, dragged down by the falling dollar and the sharp decline in stock prices overseas (Articles, pages 11 and 14).

Analysts said, however, that Wall Street was showing some signs of stabilizing in the aftermath of last week's historic collapse and the continued sharp decline on Monday.

The Dow average of 30 blue-chip stocks inched up to 1,846.82 after rising a more solid 52.56 points, or 2.9 percent, on Tuesday. On Monday, the index plunged by 8.04 percent, or 156.83 points, in its second-worst day on record.

But declining stocks led gains 2-1 on the New York Stock Exchange. Prices also fell sharply in over-the-counter and American Stock Exchange issues.

NYSE volume rose to 280 million shares, from 260 million on Tuesday, extremely heavy by historical standards but slow compared with the 600 million-share levels of last week. Stock exchanges are closing two hours early every day this week to cope with the huge volume.

Wall Street began the day by compounding the misfortunes of overseas stock markets, most of which had suffered heavy losses early in the day and overnight.

Within the first half-hour of trading, the Dow average had plunged 65 points, amid fears that the dollar's continued weakness could force up interest rates, if only to stabilize the currency.

Lower interest rates help to stimulate the economy. Some economists fear that the cash loss from the stock market's 34 percent fall since late August — including the 508-point loss on Oct. 19 — will discourage consumers and businesses from spending at a pace that will prod economic growth.

By midmorning, though, the market began to grapple back, and by an hour before the close, the Dow had worked its way into positive territory and was on its way to a gain of 34 points. Reports of intervention on behalf of the dollar set up the rally, one trader said.

But those gains were soon erased when Jacques Delors, president of the

See MARKETS, Page 10

Heat Is on Bonn to Help, Through Growth

By Reginald Dale
International Herald Tribune
PARIS — Strong internal and external pressures are mounting on West Germany to play its part in stabilizing the world economy by adopting more expansionary policies, government officials and private economists said Wednesday.

The plunge in the value of the dollar and the sharp fall of the Frankfurt bourse on Wednesday should shock West German officials into relaxing tax and interest rate policies, as the United States has long demanded, according to officials from other governments.

The danger is that if West Germany does not listen to appeals for international cooperation, it could provoke a real 1930s-type depression," said Christopher Johnson, chief economic adviser to Britain's Lloyd's Bank.

After the Frankfurt stock exchange closed

5.6 percent lower, Gerhard Stoltenberg, the West German finance minister, gave a signal that some of the pressure may be working.

In a British television interview late Wednesday, Mr. Stoltenberg said that West Germany was reconsidering its interest rate policy in the

NEWS ANALYSIS

light of the financial crisis. He declined, however, to say whether any announcement of a change could be expected in the next few days.

As the dollar's fall created strains within the European Monetary System, the European Community's eight-nation currency bloc, France was also understood to be urging West Germany to ease its policies and patch up its recently strained relations with Washington.

France would like to see a reduction in West German interest rates to relieve pressure on the

franc and allow French interest rates to fall in turn, officials said. That would help to boost France's economy in advance of the country's presidential election next year and offset the loss of French export markets as the U.S. economy slows down.

West Germany holds the key to unlocking the crisis, said Brendan Brown, chief economist at County NatWest investment bank in London. If the Bundesbank quickly eased its monetary policy, it would give the U.S. Federal Reserve broad scope to loosen its own policy without provoking a further crash in the value of the dollar.

Increased domestic demand would also cushion West German exporters from losses in the U.S. market as a result of the declining value of the dollar, analysts said. The shares of major

See POLICY, Page 17

Investors Spurn BP Offer

The \$7.2 billion (\$12 billion) sale of British Petroleum Co. by the British government has floundered.

When the share offer closed Wednesday, it appeared that only between 200,000 and 300,000 people had subscribed for BP stock. Before the plunge of stock markets around the world last week, more than 6 million had said they were interested.

The sale, the biggest privatization effort attempted in Europe, was an important part of Prime Minister Margaret Thatcher's campaign of selling state companies to private investors. (Mr. Thatcher threw her support behind demands that the United States reduce its budget deficit, Page 3.)

In unofficial trading in London, BP's share price closed at 256 pence Wednesday, sharply down from the 330 pence per share offer price set two weeks ago.

Underwriters, which are committed to buy the shares that investors do not take up, have urged the government to call the sale off.

Nigel Lawson, chancellor of the Exchequer, will decide Thursday whether the deal will go through. Official trading of the BP shares on the London stock market is to start Friday. (Page 11.)

Reagan, Awaiting Shevardnadze, Asks Soviets to Drop SDI Demands

By Joel Brinkley
New York Times Service

WEST POINT, New York — President Ronald Reagan called on the Soviet Union on Wednesday to stop holding arms reduction talks "hostage to measures that would cripple our Strategic Defense Initiative."

Mr. Reagan's remarks, in a speech at the U.S. Military Academy, came just before the White House formally announced that Eduard A. Shevardnadze, the Soviet foreign minister, would visit Washington on Friday, apparently to lay the groundwork for a possible summit meeting.

Last week, Mikhail S. Gorbachev, the Soviet leader, said he would not set a date for a summit meeting in the United States until an unspecified agreement of some sort was reached on the Strategic Defense Initiative, Mr. Reagan's space-based defense program.

But on Wednesday, the White House said Mr. Shevardnadze would bring with him a letter from Mr. Gorbachev and would meet

Officials Ask Deng to Stay In Politburo

By Daniel Southerland
Washington Post Service

BEIJING — Chinese provincial officials revealed on Wednesday that Deng Xiaoping is being pressed by many other senior party officials to reverse his announced intention to retire from the party's ruling Politburo.

The unexpected revelation, made at a press conference, injected new uncertainty into the senior Chinese leader's attempts to engineer a smooth transition of power from older leaders like himself to younger ones.

Western diplomats said that if Mr. Deng, 83, is unable to retire from the Politburo, it would indicate that the party leadership is torn by conflicts over the succession to Mr. Deng and that Mr. Deng's strong presence at the top is still required to arbitrate disputes among the leaders.

They suggested that it would also reveal a lack of confidence in the ability of Prime Minister Zhao Ziyang, who is expected to take over as party chief at the end of the party congress that is now in progress. And it would be an indicator of the strength of "conservative" leaders who have been reluctant to follow Mr. Deng's example and retire from the Politburo, diplomats said.

But a number of diplomats, as well as Chinese officials, predicted that despite strong rumors and pressures to the contrary, Mr. Deng would in the end resign from the Politburo. He would retain influence as the country's paramount leader through his continuing leadership of the army, they said.

The talk of Mr. Deng's staying on at the pinnacle of power in the standing committee of the Politburo instead of resigning has been one of the surprises at a party congress



Deng Xiaoping at the Chinese Communist Party congress under way in Beijing.

Martinis Make a Comeback Against Heavy Odds (Say, 15-1)

By Frank J. Prial
New York Times Service

NEW YORK — Vintage rock and roll is back. Comic books are back. Crew cuts are back. Even Billy Martin is back as manager of the New York Yankees. Next thing you know, they'll be building cars with fins again.

Socially even more significant — if it's true, and many people who know say it is — the martini is back.

Remember the martini? Stirred, not shaken, so as not to bruise the gin? Remember when serious, or at least only marginally foolish, people sat around and argued the merits of 15 paris gin to 1 of vermouth?

Remember the three-martini lunch, that deductible perk of the soddien rich? Jimmy Carter condemned it — and enshrined it forever in American

political folklore, like the Cross of Gold, the Big Stick and "I do not choose to run."

Until recent financial upheavals disturbed the more or less calm tenor of the times, the rich, perhaps more than the rest of us, were lean, clean-eyed and purposeful, and much less prone than they once were to cocktail overkill. Whether that's about to change is not clear from the economic indicators.

Barmen in the financial district report some slight uptick in the sales of harder stuff last week. Was it simply tension, ratcheted up to a point where wimpy white wine could do no good? Or was it something deeper? Faced with an uncertain future, we tend to regress, to return to childish things — like the 15-to-1 martini.

There is a pleasant little place just off Burgundy Street in New Orleans called the Bombay Club. To drink at the bar there is to enter a time warp. Most of the youngish crowd seems left over from a Young Republicans for Eisenhower mixer, and the house drink strengthens the illusion. It's an enormous gin martini, served straight up in a long-stemmed glass like the ones Myrna Loy and William Powell used to drink in those "Thin Man" films. The Bombay Club glass is twice as big.

Some traditions die hard. One of them is the dry martini at the "21" Club. "The martini isn't making a comeback at our place," said Jerry Berns, the veteran restaurateur. "It never went away."

The only change, Mr. Berns said, is from gin to vodka, and the vodka of the moment is called Absolut. For true believers at "21," the perfect martini is pure vodka.

with Secretary of State George P. Shultz and Mr. Reagan.

Soviet officials have suggested that the meeting is intended to lay the groundwork for a summit conference later this year.

But the White House — stung last week by Mr. Gorbachev's surprise announcement that he was

not ready for a summit meeting even after the president and other officials had been openly promoting the idea — was not willing to predict on Wednesday what might happen as a result of the foreign minister's visit.

"The president welcomes the visit and assumes the foreign minister will want to discuss a wide range of subjects," the White House spokesman, Martin Fitzwater, said.

Another White House official said: "We don't know if it will result in a summit. We're just going

to wait and see what he has to say."

In his speech, Mr. Reagan said: "It would be good for Mr. Gorbachev to see this country for himself. When the general secretary is ready to visit the United States, I and the American people will welcome him."

But he also said, "A summit is not a pre-condition for progress on the agenda at hand."

If a summit meeting is held, it is expected to be the occasion for signing the proposed treaty banning intermediate-range weapons that is nearly complete. Mr. Reagan said Wednesday that he would not sign a treaty until "effective verification" was assured, asserting that the Soviets might otherwise be likely to cheat on any agreement.

"They have an extensive record of violating past arms control agreements," he said.

And on the subject of the Strategic Defense Initiative, Mr. Reagan said, "The Soviets must stop hold-

See REAGAN, Page 8

Kiosk

Reagan Adviser Delays Leaving

WASHINGTON (AP) — Beryl W. Sprinkel has advised the White House informally that he wishes to stay on as chairman of President Ronald Reagan's Council of Economic Advisers instead of resigning as planned, an administration official said Wednesday.

The official said Mr. Sprinkel, 63, indicated that he wanted to continue assisting the administration in dealing with the stock market crisis and seeking a deficit-reduction compromise with Congress.



As starving Ethiopians await food, the rebels are threatening relief convoys.

GENERAL NEWS

The Malaysian government arrested 63 people and closed three newspapers as racial tensions rose. Page 8.

BUSINESS/FINANCE

Trading in the newly privatized Compagnie Financiere de Suez has been postponed by the French government. Page 14.

Dow close: UP 0.33
The dollar in New York:
DM £ Yen FF
1.738 1.724 138.45 5.824

See DENG, Page 8

دعا من اجل

Iraq Ends Gulf War Lull With Reports of Attacks On 'Maritime Targets'

By Loren Jenkins
Washington Post Service

DUBAI — Iraq said Wednesday that it had attacked three "maritime targets" or tankers, off the Iranian coast in the past 24 hours, ending a one-week lull in such attacks.

The announcement of attacks against Iran in the Gulf came 12 hours after Baghdad had unleashed a new campaign of aerial attacks against Iran's oil installations to "deprive the Iranian regime of its mainstay of aggression."

Iraq immediately warned Iraqi civilians to seek refuge in four Shiite holy cities to avoid its imminent "deadly response" to what it claimed were also two Iraqi aerial attacks on "nonmilitary" targets in western Iran in which a number of civilians were allegedly wounded.

The terms used by the Iranian warning broadcast on Tehran Radio were similar to those issued earlier this month before Iran fired four Soviet-made Scud surface-to-surface missiles into the heart of Baghdad. Iraq claims 134 people were killed and 2,036 were wounded as a result of the missiles, one of which fell on a school full of children.

In a military communique



Nabih Berri said Wednesday that a South Korean was released for \$1 million.

Beirut Gunmen Free Korean

By Nora Boustany
Washington Post Service

BEIRUT — A South Korean diplomat kidnapped in West Beirut was released for a \$1 million ransom, Nabih Berri, Lebanon's justice minister, said Wednesday.

Mr. Berri, who also heads the Shiite Muslim militia Amal, said that Amal had helped organize a safe passage for Do Chae Sung, 38, a second secretary at the South Korean Embassy, to travel from Beirut to Seoul via the Gulf. Mr. Do was abducted on Jan. 31, 1986.

"Regrettably, and according to my information, not less than \$1 million were paid for the release of the South Korean diplomat," Mr. Berri said. "Once again Beirut is a station for abduction and afterward a station for releases."

Mr. Berri helped negotiate an end to the 17-day hijacking of a Trans World Airlines plane in June 1985, during which more than 30 Americans were held by Shiite gunmen.

Amal has been instrumental in tracing and securing freedom for other foreigners seized in Beirut, including Saudis, Libyans, Italians and Americans. According to Beirut International Airport officials, Mr. Do left Beirut for home via Kuwait on Tuesday.

Mr. Berri refused to identify the kidnappers and stressed that Amal had only facilitated Mr. Do's journey. "Yes, the Amal movement protected him after his release, but we had no role in freeing him," he said.

In an evening news program, the Lebanese Broadcasting Corporation, a television station run by the Christian Lebanese Forces militia, broke the news on Mr. Do's liberation Monday.

Gunmen intercepted Mr. Do's car as he was being driven to work in the seafort Ramlet al Baida quarter of Beirut.

Three days after his disappearance, the previously unknown Green Brigades claimed responsibility for his seizure.

At least 21 other foreigners, including eight Americans, are still missing in Lebanon. Most of them are being held by groups linked to Iran.

WORLD BRIEFS

Quebec Wins a Vote of Confidence

TORONTO (NYT) — In the face of bitter but fragmented opposition, the Canadian government has won parliamentary approval for changes to the country's constitution that would recognize Quebec as a "distinct society" and strengthen its battle to shore up its French language and culture.

In a vote on Monday night, the House of Commons divided 242-16 in favor of the so-called Meech Lake agreement. But opponents, who favor of the so-called Meech Lake agreement, include former Prime Minister Pierre Elliott Trudeau, academic experts include former Prime Minister Jean Chretien and women's groups, are on the constitution, native Indian leaders and provincial legislatures, hoping that the accord will get bogged down in provincial legislatures, which must vote on it before June 1990.

Prime Minister Brian Mulroney hailed the Commons vote as "a triumph for Canada" and said Canadians could celebrate the fact that Quebec, whose legislature endorsed the agreement rapidly this summer, had committed itself to the constitutional integrity of the country. But Mulroney faces several obstacles, among them the prospect of long battles in some provinces and the possibility that the dispute will be a divisive issue in the next national election.

Ecuador Leader Declares Martial Law

QUITO, Ecuador (Combined Dispatches) — President Leon Febres Cordero declared martial law Wednesday throughout Ecuador as police used tear gas against a strike by the country's most powerful labor federation.

Mr. Febres Cordero also ordered radio stations and newspapers placed under government censorship on Tuesday night. The government has outlawed the 24-hour strike, which began at midnight Tuesday, but the Communist-led United Workers Federation vowed to ignore the ban and predicted that more than one million workers and 800,000 students and farm laborers would strike.

The federation, which claims a membership of half of Ecuador's 350,000 unionized workers, is demanding the removal of Interior Minister Luis Robles Plaza, who was impeached by Congress in September and judged unfit to hold office for allegedly violating the rights of political prisoners. Mr. Febres Cordero has called the finding unconstitutional. (AFP, AP) and Mr. Robles has remained in office.

Scientists Warn on Ozone Depletion

WASHINGTON (NYT) — The atmosphere's protective ozone layer is so depleted over Antarctica in September and October that there is cause for concern about the safety of scientists and support personnel there, researchers have told a Senate hearing. If the seasonal "hole" in the ozone layer continues to expand, they said, it could threaten inhabitants of southernmost South America.

Dr. Peter E. Wilkiss, director of polar programs at the National Science Foundation, said Tuesday that he was concerned "for the health and safety of our people." He said the foundation was discussing the threat with officials from Chile and Argentina.

In the stratosphere, ozone, a form of oxygen, absorbs most of the ultraviolet radiation from the sun, which can cause sunburn and skin cancer and which can be lethal to many life forms.

U.S. Budget Talks Focus on Spending

WASHINGTON (AP) — Talks between the White House and Congress on reducing the budget deficit resumed Wednesday with negotiators focusing on ways to restrain spending as part of their plan to reassure financial markets.

"I expect we'll look at the spending side first," said Representative William H. Gray 3d, Democrat of Pennsylvania, the chairman of the House Budget Committee. "I'm optimistic and upbeat," he said of the talks, which will later test President Ronald Reagan's willingness to consider a tax increase.

The negotiating group, in its first meeting Tuesday, discussed different conceptions of a broad spending freeze on domestic and military programs that could help them meet their goal of \$23 billion in deficit reductions for the 1988 fiscal year, officials said.

Swedish Official Criticizes the Police

STOCKHOLM (Reuters) — The Swedish police violated civil rights laws during the search for the killer of Prime Minister Olof Palme, Sweden's justice ombudsman said Wednesday.

The ombudsman, Anders Wigelius, strongly criticized house searches and the arrest of Kurds suspected of involvement in the assassination. The ombudsman's inquiry came after complaints by lawyers representing two Kurdish men arrested in December after a brawl in a restaurant.

Mr. Wigelius said there was no legal justification for searching the Kurds' homes and the Kurdish bookshop and cafe in central Stockholm. Mr. Palme was shot and killed in Stockholm in February 1986. Police hunting the lone killer have opened files on 28,000 people and investigated 40,000 tips, so far without success.

Kohl, in Berlin, Makes Gift of Museum

BERLIN (Reuters) — Chancellor Helmut Kohl of West Germany signed an order Wednesday to build a German history museum in West Berlin, a multi-million dollar project that he said would stress the unity of the German nation.

"There is only one common history of the Germans," Mr. Kohl said at a ceremony held in the former Reichstag building near the Berlin Wall. The ceremony was a highlight of West Berlin's celebration of Berlin's 750th anniversary, and the 380 million Deutsche mark (\$218 million) museum, which is to be built near the Wall, is Bonn's anniversary gift to the city.

In East Berlin, the East German Communist Party's chief ideologist, Kurt Hager, harshly criticized rightist West German politicians for wanting to unite the two German nations.

For the Record

The seventh game of the world chess championship was postponed Wednesday at the request of the champion, Garry Kasparov, Anatoli Karpov, the challenger, leads the 24-game series by a score of 3.5 to 2.5. The seventh game is now scheduled for Friday. (Reuters)

TRAVEL UPDATE

Strikes Disrupt Italian Train Service
ROME (AFP) — A 24-hour strike by drivers and conductors disrupted train service in Italy on Wednesday. The strike, which followed a recent walkout by engineers, had not received union authorization.

Meanwhile, the national airlines Alitalia and ATI, faced with a series of strikes in recent days, were forced to cancel 40 domestic flights out of the Rome-Fiumicino airport on Wednesday. New strikes were planned on Friday at airports in Milan.

Unions representing Italian transportation workers are divided, and rank-and-file committees have emerged that reject accord worked out between the government and union officials. Labor and Transportation Ministry officials have said they are often at a loss to find someone to negotiate with.

To improve U.S. air travel conditions, the Senate on Wednesday began debating legislation that would blueprint the spending of \$15.6 billion to expand the nation's airports and modernize the air traffic control system. The funds will be provided by future legislation. (AP)

English Channel ferry service resumed Wednesday after two days of protests by French fishermen over restrictions on fishing near the British coast ended. (Reuters)

Correction

Because of an editing error, a photo caption in Wednesday's editions said that Lloyd Kolokoff, a Miami broker, had been slain. He was in fact wounded.

INTERNATIONAL POSITIONS

IMMEDIATELY REQUIRED ADVERTISEMENT SALES EXECUTIVE in Central London

Attractive Basic Salary, bonus related to performance, excellent offices in Central London. Middle East experience and International sales background essential. French very important, knowledge of other languages (especially Arabic) an asset.

Telephone or write with C.V. to:
Soraiya Qadir
Senior Vice President
South Publications Ltd
13th Floor, New Zealand House
80 Haymarket, London SW1Y 4TS
Telephone: (01) 930 8411 Ext. 281

China, Despite Denials, Is Reported Arming Iran

By Elaine Sciolino
New York Times Service

WASHINGTON — Despite China's repeated denials that it sells arms to Iran, Iran received a shipment of artillery pieces and shells from China in the last two weeks, according to Reagan administration officials.

In addition, there are intelligence reports that 100 sophisticated Chinese C-801 anti-ship missiles either have been delivered recently or may be on the way to Iran.

The two countries are also believed to be completing arrangements through Hong Kong for further shipments of Silkorm missiles, officials said. Iran has used the Silkorms against Kuwaiti installations and against ships in Kuwaiti waters, including last week's attack on a re-registered Kuwaiti tanker under American protection.

Senior Pentagon and State Department officials are increasingly distressed by the military relationship between Tehran and Beijing, which has expanded dramatically since the visit of Hashemi Rafsanjani, the speaker of Iran's Majlis, or parliament, to China in 1985.

The United States has repeatedly protested the arms deals, and officials said on Tuesday that Michael H. Armacost, undersecretary of state for political affairs, would renew those protests when he arrives in Beijing next week. In the past, the United States has had no success in curbing the relationship, despite frequent protests.

"What concerns us is the steady flow of a wide variety of arms from China to Iran," one State Department official said. "It's not just the Silkorms. Even without the Silkorms, the Chinese shipments are significant."

Mr. Armacost will also explain the Reagan administration's decision last week to interrupt a process of liberalizing the export of some high-technology products to China, in what officials said was a proportional response to continued sale of the Silkorm missiles.

His trip comes as American-Chinese relations are somewhat strained because of China's crackdown on recent unrest in Tibet and accusations that Washington is meddling in China's internal affairs. Mr. Armacost is also expected to express the Reagan administration's growing displeasure with the Chinese over the Tibet issue.

There is some debate within intelligence agencies about whether the most recent Chinese arms shipment included Silkorm missiles and how many Silkorm missiles are already in the Iranian arsenal.

Some administration officials said Tuesday that Iran might have more than 100 of the missiles, al-

Floods Leave 41 Dead in Iran

NICOSIA — Floods started by blizzards and torrential rains have killed 41 people in the past two days in three provinces in western Iran, the official Islamic Republic News Agency reported Tuesday.

INTERNATIONAL POSITIONS

**MANAGING DIRECTOR
CORPORATE STRATEGY
&
DEVELOPMENT
EUROPE**

Large specialty automotive supplier is in need of an experienced individual with a strong international business planning and development background in the automotive industry. Individual selected will be based in the U.S.A.

Responsibilities will include overall international strategy of business development by managing efforts in business acquisitions, joint ventures, component sourcing, market penetration and coordinating and facilitating the integration of new business into the company's functional areas. Some international travel will be required. Competitive automobile industry compensation and benefits.

If qualified send resume to:
Box D-200, International Herald Tribune,
181 Ave. Charles-de-Gaulle, 92521 Neuilly France.
An Equal Opportunity Employer.

ICRISAT
needs a
DEPUTY DIRECTOR GENERAL
at Hyderabad, India

The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) seeks applications for the post of Deputy Director General (DDG) of the Institute. The DDG is responsible for coordinating all research and training activities and has operational responsibilities for research support at ICRISAT Center, advises and assists the Director General in ensuring appropriate and effective linkages with national and international research institutes and agencies, serves on the central Management Committee of the Institute, assists in the formulation of its internal policies and procedures, and fosters good external relations with sponsoring agencies and ICRISAT donors.

Twenty years' experience in agricultural research with a substantial record of publications/results, and 5 years' experience in a senior post in research administration essential. Fluency in English and working experience in the developing world are also essential requirements. Ph.D. in an agricultural science and a speaking knowledge of French desirable. Superior abilities in organizing and evaluating research and training activities, to articulate Institute policies, requirements, and achievements are required. The post is located at ICRISAT Center, near Patancheru in Andhra Pradesh, India, but will require extensive travel. It is a demanding and challenging opportunity and will be compensated accordingly.

Send applications, in confidence, to reach by 31 Dec 1987, to:
The Director General, ICRISAT Patancheru, A.P. 502 324, India

**RADIO FREE EUROPE
RADIO LIBERTY**

American Radio Station in Munich looks for a
Senior Analyst

in its Hungarian Research Section for 18 months.

The applicant must be fluent in Hungarian and English. Good knowledge of German also desirable. Applicants must have a university education and a good general and current knowledge of developments in Hungary, with special reference to politics, modern history, and ideology. Must be able to write concise analyses in English and respond well to work under time pressure. Some supervisory experience also desired.

Please submit your written application to:
RFE/RL, Inc., Personnel Department
Oettingerstr. 67, 8000 München 22

We are a multinational company. Our expertise is devoted to medical imaging (IRM, scanner, ultrasons). We are looking for our:

Cash manager

Reporting to the finance director. He will be responsible for the cash operations of the company and the daily relationship with the banks.

He will have to focus as well on the follow up of receivables and payables.

30 years of age, the candidate will speak fluent English and will have a proved position within an international environment.

The annual salary will be in the range of 200,000 FF.

Applicants will have all diplomatic skills and will be offered a true challenge for their professional development.

The company is located in Paris.

Thanks to address your file (letter, CV) ref. 2569 to

SOURCE 108 rue Saint-Honore - 75001 Paris
qui transmettra en toute confidentialite

For the creation of its branch in PARIS 8^e

THE MITSUBISHI BANK, LTD.
is recruiting dynamic and motivated men and women

CHIEF ACCOUNTANT
You have an accounting degree (French DECS or equivalent) and you are bilingual French/English. You have extensive bank accounting experience in financial institutions or in audit firms. ref. CCC

OPERATION MANAGER
Assistant to the Head of the operational accounting department. You are 25-35 years old, bilingual French/English and you have 3 to 5 years experience in documentary credits, remittance, clearance, foreign exchange control. ref. RAD

MONEY MARKET DEALERS
You are 25-35 years old, bilingual French/English and you have 3 to 5 years experience. ref. EIB

BILINGUAL ENGLISH/FRENCH SECRETARY
[English mother tongue] About 25-30 years old, excellent typing, you will have to take charge of the loan administration. ref. SBA

Please send CV, photo and salary quoting the corresponding reference on the envelope to be addressed to:
M^{me} NOZAWA - THE MITSUBISHI BANK, LTD.,
4, Place de la Concorde 75008 PARIS - Discretion guaranteed.

The Mitsubishi Bank, Ltd.

**INGENIEUR D'AFFAIRES
INTERNATIONALES**

CHAMBRE DE COMMERCE ET D'INDUSTRIE DE NANTES

A Nantes le Centre Atlantique de Commerce International et la Zone Internationale Atlantique deviennent un actif pole d'echanges. Ils concentrent les moyens des entreprises et des collectivites de la Basse-Loire.

Une equipe autonome est chargée de l'international: elle prepare, coordonne et entreprend. Sur les pistes ouvertes par les consultants en mission a l'etranger, il faut capter des opportunités d'investissements et d'affaires puis les implanter dans notre region.

Pour completer cette equipe d'ingenieurs de juristes et de linguistes, se cree un poste a dominante commerciale.

Age de 28-32 ans au moins diplomé d'une grande école d'ingenieur ou de gestion, notre candidat presente une experience réussie de l'ouverture ou du developpement d'affaires internationales, de preference en entreprise industrielle. D'un bon niveau d'experience, il est aussi clairvoyant et realiste. Une bonne connaissance des U.S.A. ou du Japon est necessaire. La pratique de l'anglais est indispensable.

Remuneration 250 - 300 KF

Poste base a Nantes avec deplacements a l'etranger.

Merci de faire parvenir votre dossier complet (lettre manuscrite, C.V., references) sous la reference EXP 8733 IHT a notre Conseil KEY MEN, 9 rue du Couedic 44000 NANTES. Permanence telefonique au (1) 40.88.63.94.

KEY MEN
GROUPE DANIEL PORTE CONSULTANTS

**US CORPORATE TAX
Young CPA or Attorney**

Continuing growth has created an exciting career opportunity for a young CPA or attorney in our London office. As part of a specialist team of US Corporate Tax Consultants, the successful applicant will be actively involved in providing guidance on a wide range of international US Corporate Tax issues including opportune timing and method of paying dividends and the restructuring of foreign operations.

All professional staff in this group receive the same US tax training as their counterparts in the USA, and, in addition, benefit from courses run in the UK and Europe. Our aim is to continually supplement and expand your tax knowledge and experience as your career develops with us.

For a young CPA or attorney, probably recently qualified or with one or two years' work experience, this position represents a real opportunity to develop your career, up to and including partner level, in an exciting international business environment.

If you would like to come and meet some of the members of our team, take the first step by sending your career details to Richard Gould, Assistant Personnel Manager - Tax, Arthur Andersen & Co., 1 Surrey Street, London WC2F 2PS.

**ARTHUR
ANDERSEN
& CO**

دولتي

AT SHERATON LITTLE THINGS MEAN A LOT · AT SHERATON LITTLE THINGS MEAN A LOT · AT SHERATON LITTLE THINGS MEAN A LOT

THE MEAL WAS FINE.

THEN THE SAUCE ARRIVED.

Nothing wrong with the sauce, you understand.

In fact, as part of a banquet to celebrate a conference of chefs at the Gothenburg Sheraton, more than the usual care and attention had gone into its preparation.

The problem was that the guest (like most guests in our experience) preferred the sauce served onto his plate. Rather than onto his lapel. (A subtle sauce can look very unsubtle adorning a white dinner jacket.)

Fortunately, the maître d' was a man who looks at such accidents and sees only opportunities.

Helping the guest remove his jacket, he offered his own as immediate, temporary



replacement. At the same time whisking the sauce-stained garment off to be dry-cleaned.

And before the coffee was finished, the jacket, freshly cleaned and pressed, was returned to our guest.

At Sheraton, we have a phrase coined to sum up our idea of service. 'Little things mean a lot.'

Like all slogans it runs the risk of being dismissed as mere words.

But not with examples like that of the Gothenburg maître d' to sustain it.

For reservations or information on any of 500 hotels worldwide, contact your nearest Sheraton Hotel, Reservations Office, or your travel agent.

Sheraton
The hospitality people of
ITT

AT SHERATON LITTLE THINGS MEAN A LOT · AT SHERATON LITTLE THINGS MEAN A LOT · AT SHERATON LITTLE THINGS MEAN A LOT

WORLD BRIEFS

Wins a Vote of Confidence

Leader Declares Martial

Warns on Ozone Deple

Lgt Talks Focus on Spe

Official Criticizes the

Berlin, Makes Gift of

Record

TRAVEL UPDATE
Disrupt Italian Travel

INTERNATIONAL POSITION

IMMEDIATELY RECOVERING
ADVERTISING SALES EXPANSION
in Central London

SHERATON CORPORATION · BRUSSELS · COPENHAGEN · EDINBURGH · ESSEN · FRANKFURT · GOTHENBURG · INSBRUCK · ISTANBUL · JERUSALEM · LISBON · LONDON

(BELGRAVIA, HEATHROW, PARK TOWER, SKYLINE) · LUXEMBOURG · MADEIRA · MUNICH · OSLO · PADUA · PORTO · ROME · SALZBURG · SOFIA · STOCKHOLM · TEL AVIV · ZURICH

INTERNATIONAL Herald Tribune

Stick to the Arias Plan

The Central American peace accord coming into effect next week promises a healing cease-fire and a chance for democracy. This intricate plan delicately balances compromises from left and right; the entire plan would be implemented if there were any substantial deviation from its present terms...

The Causes in Eritrea

The use of starvation as a political weapon is a tragic and familiar aspect of wars in many lands, but the practice seems to have been taken to an especially terrible new place in Ethiopia. Surprisingly, the villain is not the Marxist government. That government has not shrunk from using starvation tactics to put down Eritrea's independence movement...

Babies for the Budget?

Ronald Reagan has already pushed another trillion dollars of debt onto the next generation of taxpayers. Now the Republican presidential candidate Pat Robertson offers an even more refined idea of fiscal conservatism and family values. America should breed more babies, he says, so there will be more people to pay taxes.

Other Comment

The Camps Are Talking For the first time in the budget impasse, the two camps are talking, and the rhetoric has cooled. That is a powerful signal to send to Wall Street and the rest of the world. If a compromise can be reached, that is preferable to reducing spending arbitrarily through some mathematical formula.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1988-1989

KATHARINE GRAHAM, WILLIAM S. FALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

LEE W. HUBNER, Publisher JOHN VINOGRU, Executive Editor • WALTER WELLS, News Editor • SAMUEL A. B. KATHERINE KNORR and CHARLES MITCHELMORE, Deputy Editors • CARL GEWIRTZ, Associate Editor • ROBERT J. DONAHUE, Editor of the Editorial Page

OPINION A Shower for Shultz, Then a Speech for the Comrades

By Jim Hoagland

BUDAPEST — You could get whiplash from trying to follow each twist and turn of Soviet-American relations these days. But in the fog of peacemaking, a few signposts do point toward what lies ahead. One certainty is that nuclear disarmament is not about to break out. Those who talk about the INF treaty that is now within easy reach leading to a demilitarized Europe sound like Sam Walton declining to pick up the luncheon tab because it would start a process that would bankrupt him.

The Soviets can now count on the anxiety that the withdrawal of the Pershing-2 and that the withdrawal of the Pershing-2 and ground-based cruise missiles is stirring among West German policy makers to help them in arguing that no new U.S. missiles should be deployed on German territory. Even hawkish figures like Defense Minister Manfred Wörner doubt that a quick decision can be obtained for a new deployment of improved short-range Lance missiles to help fill the gap that he perceives the INF treaty will create.

An Oil Import Fee Would Serve Several Purposes

By William Safire

WASHINGTON — Here is a bold action that the president and Congress could take to end financial handwringing and lay the basis for sustained growth throughout the world: impose a \$10 a barrel fee on all oil imported into the United States. America's rate of importation is rising alarmingly. It now stands at 6 million barrels a day, 43 percent of the oil it uses. A \$10 import fee would slash the budget deficit by \$2.3 billion a year, which just happens to be the amount required for cutting this year by Gramm-Rudman. Couple the revenue increase obtained from OPEC friends with 2-for-1 spending cuts, and you have serious deficit reduction.

Dizzy Heights: Speculation A la Japonaise

By Gregory Clark

TOKYO — Japanese speculators have scaled heights unknown in a large industrial economy. They may soon be plumbing a few depths, too. The current focus of attention is the Tokyo stock market, where the Nikkei 225 index bounded up and down this week. Even at Wall Street's peak, average price earnings ratios of U.S. shares did not go beyond 23. Meanwhile, price earnings ratios in Tokyo were moving beyond 60. Some more speculative shares were at the 100 level or even more, despite no dividends and stagnant profits in many cases.

For a Big Program to Expand American Exports

By William Pfaff

PARIS — What the American and world economies need at this moment is the launch of an ambitious and dynamic American export expansion program to reduce the U.S. trade deficit and dam the protectionist tide in Congress. Announcement of a big plan to convince American companies to export, and to give them the means, advice and financing to do so, might even halt the market panic in its tracks, since it is the trade deficit which currently obsesses the markets. It would be almost as welcome to the markets, at this moment, as an agreement in Washington to raise taxes and cut the budget — the latter being an agreement we are not likely to see, and one which, in view of its deflationary effects, the markets might not be so happy with in the longer term.

The Choice Is Between a Lower Dollar and Recession

By William A. Niskanen

WASHINGTON — The string has finally run out for Treasury Secretary James Baker. All good things do not come in a tidy package, and Mr. Baker must now choose between a lower dollar and a recession. The seeds of the collapse of the stock market and a probable recession were sown at the Louvre in Paris last February, when the major industrial countries apparently agreed to a reference rate for their currencies that would be higher than the dollar and other key currencies. As measured against that objective, the Louvre accord has been moderately successful.

lead to a recession within nine months. It is not too late to avoid their worst potential consequences. The Treasury should provide clear guidance to the Federal Reserve that stabilizing domestic demand is more important than stabilizing the dollar. Both the administration and Congress must resist the pressure to adopt trade protection and other supply-reducing policies — the types of policies that transformed a smaller stock market collapse in 1929 into the Depression.

The View From the Shops of Richmond

THE British and other Europeans are weary of Americans constantly blaming other nations for the chronic U.S. trade deficit. That gap between income and expenditure is now seen as the worm eating at the heart of American strength and world leadership. In the affluent suburbs of London, the U.S. deficit is painfully evident. This week I called at most of the major stores near my home in Richmond upon Thames. I found goods piled high from France, Italy, West Germany, Spain, China, South Korea, Taiwan, and of course, Japan. Apart from a few cans of pineapple juice, I found nothing from the United States. When investors on Wall Street hurl themselves into a frenzy of selling, they are, in effect, simply reacting to the failure of American industry to compete as it used to compete.

1887: Plot in Bulgaria SOFIA — The Bulgarian authorities are making active inquiries regarding the alleged plot to assassinate Prince Ferdinand. The individual arrested at Varna on a charge of being implicated in the conspiracy is a Montenegrin. In his examination before the magistrate he declared that he had been sent by the Slav Committee at Odessa to organize an attempt on the lives of the Prince and his two ministers, for which he was to receive from the committee the sum of 5,000 napoleons, and was further promised an important post in Russia.

1912: A Merry Old Ride LONDON — The story of a jockey's ride through Epsom was told at the Petty Sessions [on Oct. 28] when Frank Morgan, a steeplechase rider, was fined 20s. and costs. Police Constable Turner stated that when he saw the defendant he was swaying about on his horse. As he came toward the witness, Mr. Morgan shouted: "Tally ho! Catch me if you can!" In turning the horse round, the defendant knocked the witness into a hedge. He then charged back to Epsom.

1937: The System Failed NEW YORK — [Dorothy Thompson writes:] Whatever the unprecedented stock market break proves or does not prove, one fact stands out. There is a complete breakdown of the United States government regulatory system which we have been asked to presume existed, and which was to save us from just this sort of thing. A deflationary course has started which, if it continues, can snowball. That course was actually started by the government, presumably as a move to check too rapid expansion. Now there is paralysis. Private forces which might act do not do so. Neither does the government. It is as though the government had put a padlock on the national economy and thrown away the key.

OPINION

Anything the Kremlin Did, Glasnost Might Do Better

By George F. Will

WASHINGTON — Perhaps the disappointment (for those who were disappointed) about developments when Secretary of State George Shultz...

At the Iceland summit, Mikhail Gorbachev made a last-minute attempt to link all progress (for those who consider it progress) on arms control to restraints on President Reagan's Strategic Defense Initiative...

Recently, Soviet soldiers again fired on U.S. soldiers. Summit season is returning. At Iceland, and again the other day in Moscow, Mr. Gorbachev continued his attempts to rump the advance of SDI...

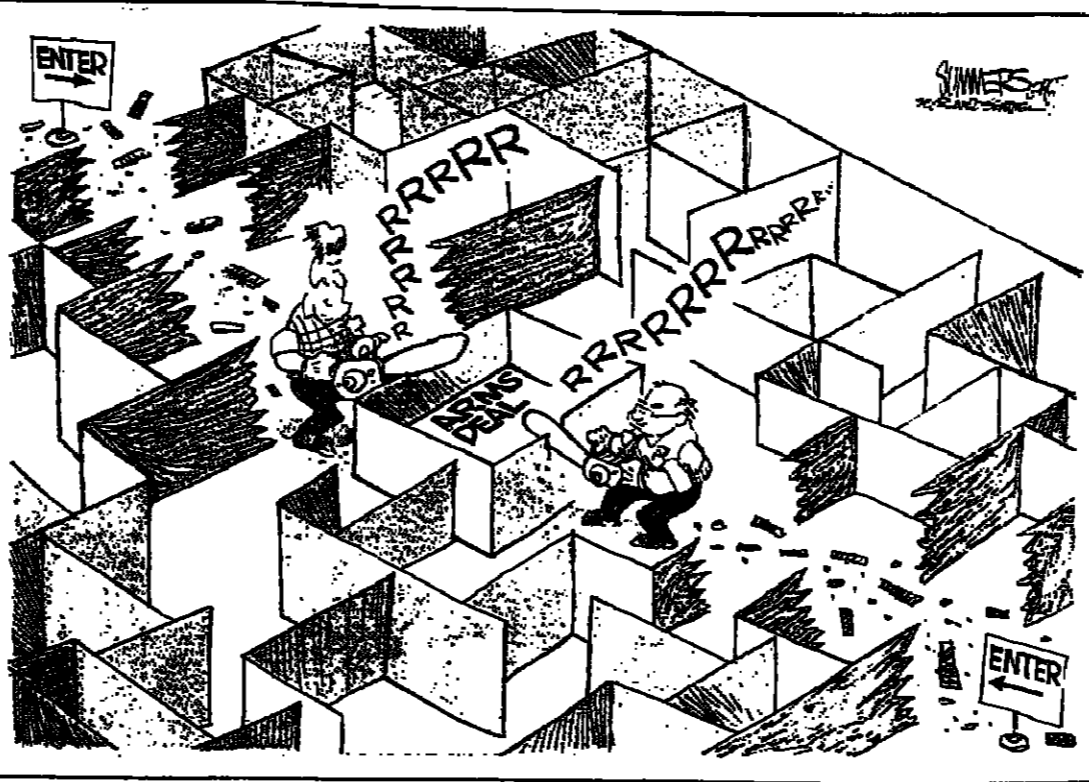
When the Soviet regime does not play by American rules, as in its recent double-dealing with Mr. Shultz, optimists say that the regime has blundered, implying that it behaves badly by mistake...

Mr. Sherr notes that we have long experience with the Soviet policy of trying to maintain good relations with governments while undermining the political and social systems that sustain them...

Not a Time for Concessions

ALTERATIONS in Soviet attitudes toward the Soviet view of America it is best to read and listen to what they tell the NATO allies and the neutrals of Europe and the Middle East...

— Syndicated columnist Drew Middleton



LETTERS TO THE EDITOR

Resistance in Tibet: The Tip of an Iceberg of Discontent

The widespread arrests of Tibetan monks and community leaders, the closing of Tibet to tourists and journalists, the increase of the Chinese political police and military patrols add up to panic in front of a new form of defense by Tibetans of their identity...

When the Chinese first sent troops into Tibet in 1951, they were met with armed resistance. By 1960, however, Chinese troops occupied all of Tibet, and the Dalai Lama and some 100,000 Tibetan refugees had gone to India...

From 1960 to there were 20 years of repression, economic plunder (especially of timber) and systematic efforts to destroy Tibetan cultural identity. Yet by 1982 there seemed to be signs of a change of Chinese policy...

There are basically three items on the Tibetan agenda: territorial status, cultural identity, which currently means a limitation to the transfer of ethnic Chinese to Tibet, and meaningful religious freedom based on the ability to teach, not just practice, rituals...

The demonstrations of October have opened a wedge in the Chinese refusal to consider alternative policies, even

the same fate under Ronald Reagan as we suffered under Herbert Hoover? Of course not. The coincidences have no meaning. The 1929 crash took place in Mr. Hoover's first year in office...

One coincidence does remain: The next president may also be a former governor of New York.

MORTON PUNER, Saint-Tropez, France.

Abuse Disguised as Help

From Gary Lee's report on the harrowing conditions of Soviet mental wards (Oct. 22) we learn that "political dissidents were still suffering alongside actual mental patients..."

If mental hospitals are torture chambers, all those incarcerated within are prisoners. I raise this point as a former mental patient, having been confined against my will for six months in U.S. government psychiatric wards...

I, too, witnessed forced injections, suicides and a homicide. People incur great abuse disguised as treatment.

GREG BERGLUND, Saint-Cyr-sur-Mer, France.

It's All Mere Coincidence

We are all busy finding historical analogies between the great crash of October 1929 and the even greater one of October 1987, and making dire prophecies. I have some good news. Such analogies rarely work because they stress the odd coincidence and ignore basic differences...

Such bad omens! Are we doomed to

Maybe the Forests Are Dying And Maybe We Know Why

By Marialisa Calta

BURLINGTON, Vermont — The panoramic shots of mountains dotted with dead and dying trees, close-ups of yellowing needles and lifeless branches. The pictures, some taken in West Germany, others in the Appalachian Mountains of the eastern United States, were displayed at a five-day conference that brought together West German and

American scientists. Among the participants at the gathering, which began on Monday, were scientists who study the health of forests from satellite photographs taken 500 miles (800 kilometers) up, those who study roots and seeds, and those who study everything in between. The scientists agreed, as they have for years, that the trees in both countries were dying for unexplained and complex reasons, apparently a combination of man-made and natural causes. But that was about the extent of the agreement...

The Germans have been studying forest problems since 1979, when silver fir trees inexplicably began dying in the southern part of their country. The decline has since been documented in other species throughout West Germany. Americans joined the study several years later, when it became clear that spruce and fir trees at high elevations in the eastern United States were suffering unexplained damage. Such damage has also been noted in the San Bernardino mountains in California...

Since then, experts from both countries have exchanged information regularly in scientific journals and at conferences such as the one here.

At this meeting, Peter Schutt, a forest botanist at the University of Munich, spoke eloquently and rather gloomily of "Waldsterben," or "forest death," and of the myriad man-made air pollutants that might be contributing factors. Mr. Schutt and others believe that the destruction is being caused by the combined effects of pollutants, rather than by specific types of pollutants acting alone.

"This pollution is caused not just by big companies but by individuals, by you and me," said Mr. Schutt as he stood on a fog-shrouded slope of Whiteface Mountain, a research site in New York's Adirondacks that the scientists visited. He said preserving the health of forests meant that individuals must reduce their use of substances, like gasoline, that pollute the environment. "And what politician wants to tell people that?"

Bernhard Prinz, a scientist with the Institute for Air Pollution Control of the state of North Rhine-Westphalia, disagreed with Mr. Schutt. He objected to Mr. Schutt's use of the word "Waldsterben" as "overly dramatic"; he preferred "forest decline." He called on scientists to work to pinpoint the causes of the forest

malaise, and "not to throw up our hands and say it's too complicated." Mr. Prinz believes that a prime cause of the declines is low-altitude ozone created from the burning of fossil fuels. Alan Wellburn, a scientist from Lancaster, England, who works on an American-financed project there, said his research had shown that trees under stress from both natural and man-made causes manufactured in their leaves or needles a substance called ethylene, which reacted with ozone and caused the trees to die. Art Johnson of the University of Pennsylvania stressed the need to look at natural causes of forest decline, winter stress, age, disease, insects and wind. Others placed more blame on acid rain, largely sulfur dioxide and nitrogen oxides that are carried through the atmosphere, where they are transformed chemically and fall to earth as precipitation. They believe that acid rain results in the leaching of nutrients from leaves, and that it can alter soil chemistry to the detriment of tree growth. Gerard D. Hertel, program manager of the Spruce-Fir Research Cooperative, a federal research center based in Brookfield, Pennsylvania, said the diversity of opinion was important. "We share essentially the same kinds of problems in both countries. Instead of having one set of data, we have two to compare." Over time, he said, a consensus will emerge. A spokesman for Consolidated Coal Company of Pittsburgh, said the discussions showed that "it is not clear by any stretch that acid rain is causing forest decline" and that if coal producers are required to reduce sulfur dioxide emissions, a main component of acid rain, it "clearly will not be a cure-all." Mr. Hertel's office works under the auspices of the National Acid Precipitation Assessment Program, which earlier this fall released a preliminary report concluding that acid rain posed no immediate broad threat to the environment or public health. Mr. Hertel said that the report, which was strongly criticized by many environmentalists and scientists, accurately reflected the findings on spruce and fir trees. Several American scientists at the conference said the report was incomplete, but they declined comment. The Germans said they had just learned of the report and had not yet read it. All agreed that forest decline could not be totally explained by acid precipitation. Mr. Schutt said the diversity of opinions and findings was to be expected because the subject of forest decline was so complex. Examination of the problem requires the study of soils, botany, insects and diseases, biochemistry, climate and air. "When you try to understand the way a complex group of pollutants affects an extremely complex ecosystem, the problems are multiplied many times over." The New York Times

NOTES ON A CENTURY On-the-Job Training at the Herald Helps Train a Budding Novelist

Letters From the Mailbag

Comic Carophony Paris, Aug. 28. To the Editor, European Edition: I used to like dogs. I even owned one. But all that's changed now. In the place where I'm living there's a little black weasel psychobologically conditioned like one of Pavlov's puppies. Every time the telephone rings, he starts chattering at full volume, any hour of the day or night. He has a voice out of proportion to his size and he starts off the home and dashes and cackles in the yard. Snoodle but honey, especially if you're in a sleep. Why don't the Paris authorities, who've made the world's greatest city from the standpoint of automobiles, do something about this kind of noise?

The first Everts letter mind strayed to a dog named Fifi. Fifi was a neurotic miniature poodle bitch, the reigning pet at my Left Bank pension, adored and pampered by Madame the proprietress. In addition to a shrewish disposition, Fifi had acquired a habit that startled new guests: Whenever the telephone rang in the salon across the hall from my room, Fifi, who snoozed her days away on a satin pillow, would explode into hysterical rage, yapping insanely and leaping about, snarling at anyone who tried to calm her.

Now, recalling a college course in basic psych and Pavlov's conditioned reflex experiments on animals, I concocted a shaggy dog story about Fifi, her tantrums and eventual cure by hypnosis, and signed it IVAN P. PAVLOV. If Haffel printed the piece (to this day I can't remember) it was the first time I'd ever been paid for my fiction. (Editor's Note: Yes, the letter ran on Aug. 30, but with another signature.)

A few weeks later I fell heir to a story important to the Herald's few remaining subscribers. This was the World Series, matching the New York Yankees and the Cincinnati Reds. Ordinarily,

office library, I parched together a creative version of the final game of the 1939 Series, in which Joe DiMaggio drove in three runs in the 10th inning. The Yankees won, 7-4, and swept the Reds four straight.

Sparrow's night life has been well documented but he had another lesser-known interest. That was, of all things, gardening. He raised vegetables in a plot behind his suburban home. One fall night, he proudly brought to the office some ears of corn, an American delicacy unfamiliar to 40 million Frenchmen. He presented two to a French colleague, who took them home to his wife, who in turn tried to render them edible by boiling them, husks and all, for several hours, in good French fashion. Disaster on the cob. Sparrow related these details to me with glee. I attempted to convert them into a mailbag-worthy sketch but they resisted translation from English to French and back again to English.

And once, the following spring, in my efforts on behalf of the mailbag I fell afoul of military censorship. I had written an innocuous (or so I thought) little tale about an imaginary children's kief-flying context in the Bois de Boulogne, describing the balmy weather and merry breezes. The humorless censors ruled otherwise. In their view it disclosed "critical meteorological information" to the enemy. All in all, I came to regard my Herald experience as invaluable on-the-job training for any would-be novelist.



If you know exactly where you're going, we've got just what you need. Business Tariff - a powerful new motor to help the international executive get ahead in Europe. In the fashion to which you are accustomed. With the comfort you deserve and service as tip-top as the cars we rent. And at a fixed rate - however far you travel!

Business Tariff for cross-border booking and unlimited mileage at 24 hours' notice. There's no tariff like Business Tariff!



Putting Cuomo Gossip to Rest

An Article Tracks Down Rumors and Finds Them False

By Howard Kurtz
Washington Post Service
NEW YORK — Rumors about Governor Mario M. Cuomo's supposed ties to organized crime have been circulating for months, and now, to Mr. Cuomo's relief, they are out in the open.

In the current issue of *New York* magazine, a veteran journalist, Nicholas Pileggi, details the rumors and pronounces the stories "misleading and false."

Mr. Pileggi writes that the stories have been "passed around by cops, media people and others in a kind of shadow network of gossip and loose talk."

Mr. Pileggi said most of the rumors had been spread by two people: a Long Island publicity man who worked for the Right to Life candidate in the 1986 gubernatorial campaign, and a conservative aide in the state legislature.

Mr. Cuomo and his aides said they were relieved that the rumors had been reported and knocked down. The governor called the ru-

mors "political garbage distributed by political garbage dealers" and said it was "a price I pay for being an Italian-American."

Mr. Cuomo raised the issue earlier this month when he called a reporter for *The New York Times* and said there seemed to be an organized campaign of rumors that he had decided not to run for president because of past misdeeds by his family. He would not elaborate on the rumors.

The story was amplified when Mr. Cuomo was asked on a televised CBS News interview program about "skeletons in his family closet." The rumors have also been pursued by several other news organizations, some of which, according to Mr. Pileggi, have hired private detectives.

In the magazine piece, Mr. Pileggi, who has covered organized crime since 1956, reported these rumors:

• That Mr. Cuomo's father-in-law, Charles Raffa, 83, was the victim of a mob beating that grew out of a dispute about arson.

• At a 1984 fund-raiser, Mr. Cuomo's campaign received a \$1,000 check from each of five firms that investigators have identified as paper companies set up to avoid paying gasoline taxes. The campaign gave the money to charity after this was discovered, according to Andrew Cuomo, the governor's son

and campaign manager, is quoted as dismissing suggestions of arson because the supermarket had no fire insurance.

• That Mr. Cuomo interfered with the police investigation of the beating and that an arrest of Mr. Raffa for arson was erased from state computers.

Mr. Cuomo was in Albany on the day of the attack, Mr. Pileggi said, and the state police have a computer record of a 1973 arrest of Mr. Raffa, but on a misdemeanor charge of offering an illegal gratuity. The charge was later dismissed.

• That Mr. Cuomo once represented organized-crime figures as a lawyer in the New York City borough of Queens.

Mr. Pileggi found only that Mr. Cuomo once represented an association of about 15 junkyards, one of which was partly owned by Joseph Laratro, a member of an organized-crime family. Mr. Cuomo was quoted as saying that he never represented Mr. Laratro personally and that he "got stiffed on the fee."

• That a mobster gave Mr. Cuomo \$30,000 in political donations.

At a 1984 fund-raiser, Mr. Cuomo's campaign received a \$1,000 check from each of five firms that investigators have identified as paper companies set up to avoid paying gasoline taxes. The campaign gave the money to charity after this was discovered, according to Andrew Cuomo, the governor's son



Governor Mario M. Cuomo, who has been the subject of rumors that are now public.

• That Mr. Cuomo's former law firm passed money to a mobster later acquitted of murdering a detective in Queens. Mr. Pileggi found no evidence of this.

Gary Fryer, Mr. Cuomo's press secretary, said Tuesday that "the most dangerous part of the whole thing is that it was anonymous."

"What really incensed Cuomo was the idea that if you really want to go after an Italian-American, all you have to do is say the M word, or Mafia," Mr. Fryer said, "and he would instantly be put on the defensive and have to prove to the world it isn't true. That irked him. It touched a chord."

U.S. Plan To Revamp MX Is Said Not to Work

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — An effort by the U.S. Air Force to revamp its force of MX nuclear missiles is not working, Representative Les Aspin, chairman of the House Armed Services Committee, has asserted.

The Wisconsin Democrat raised the possibility that new missiles would be deployed without the guidance systems they would need to hit Soviet targets.

More than a third of the 28 MX missiles deployed in silos in Wyoming lack guidance systems as a result of production delays by a key contractor, the Northrop Corp. The company promised in August to produce six new guidance systems per month. Mr. Aspin said, but new production and testing problems have cut this in half.

"Obviously, if these problems persist, there is serious question as to whether the schedule will ever get back on track," he said. "This means we face the prospect of continuing deployment of MXs with out-of-date systems and the installation of systems that may not perform as required."

President Ronald Reagan has called the \$19 billion MX intercontinental ballistic missile the centerpiece of his nuclear weapons modernization program. The air force has described the missile's accuracy as its most vital characteristic.

Earlier this year, however, the air force suspended MX flight tests because of what Brigadier General Charles A. May Jr., the air force's deputy director for advanced programs, said were growing concerns about the missile's accuracy.

In August, the Justice Department sued Northrop to recover some of the costs of testing the MX guidance system; the air force continued to withhold some of its payments to the company for MX work.

Mr. Aspin also said a major air force review of Northrop's management of the program, scheduled this month, had recently been postponed until 1988 because "simply stated, the contractor cannot pass the audit."

Baccarat
30 bis, Rue de Paradis
75010 PARIS
(thru the archway)
Tel.: 47 70 64 30
When in Paris...
visit our Museum
and sales floor
Open Monday - Friday
9 a.m. to 6 p.m.
Saturday 10-12 a.m. - 2-5 p.m.
Also in selected stores
near your home.
Brochures on request

Swiss made, synonymous with elegance and perfection. The new hexagonal collection: an ultra-slim lighter with two gas reserves and exclusive writing tools. Each item dressed in genuine Chinese lacquer.

CARAN D'ACHE
GENEVE

P.O. Box 169 · CH-1226 Thônex-Genève
Tél. (022) 480204 · Telex 418570 cda · Fax (022) 498412

UN Warns of Insolvency if U.S. Doesn't Pay Dues

By Paul Lewis
New York Times Service

UNITED NATIONS, New York — Secretary-General Javier Pérez de Cuellar has written to President Ronald Reagan warning that the United Nations faces insolvency in a few weeks if the United States does not pay a substantial portion of its annual contribution by then, according to UN officials.

The secretary-general's letter was delivered Monday to Vernon A. Walters, the chief U.S. delegate to the United Nations, who said he would try to deliver it to Mr. Reagan.

The letter implores the president

to press Congress to ensure full and prompt payment of the \$212 million American share of the organization's budget this year.

The officials said the United Nations would be unable to make salary payments in December to its New York headquarters staff of roughly 6,500 people unless additional funds could be found. If the United States does not come up with a contribution, some UN officials say they may ask other countries for additional voluntary payments to fill the gap.

Of its \$212 million assessment toward the UN headquarters budget of nearly \$800 million, Wash-

ington has paid only \$7 million. In addition, the United States owes \$147 million from last year for the general budget and \$61 million to support Middle East peacekeeping forces.

By contrast, the Soviet Union, after treating the United Nations with suspicion for decades, is now presenting itself as a firm supporter of the world body, and it recently agreed to pay off all its budgetary arrears.

The withholding of American funds originally amounted to a lever to win approval of changes in the organization's administrative practices. The measures were in-

tended to streamline the UN bureaucracy and give big contributors more say over how their money is spent. In return, the Reagan administration promised to restore its full share of financing.

But now that it is failing to do so, many Third World countries argue that the agreement on administrative changes is no longer valid.

Some of these countries, diplomats say, also are considering suing the International Court of Justice in The Hague for a ruling that the United States is in breach of its obligation to the United Nations.

UN officials are becoming increasingly gloomy about prospects for U.S. congressional action. With

the stock market upheaval increasing the pressure to cut the federal budget deficit quickly, these officials are lowering their forecasts of what the United Nations might eventually receive.

Last month the Senate appropriated \$141.7 million and the House of Representatives \$97.5 million for the organization's headquarters in New York.

But since then, additional budgetary pressures have further compressed the appropriations, which are still in committee. The Senate appropriation has dropped to \$120 million, and the House figure to \$60 million, according to congressional staff members.

U.K. Puts Pressure on Reagan to Raise Taxes and Cut Deficit

By Howell Raines
New York Times Service

LONDON — Prime Minister Margaret Thatcher has put her government squarely behind international demands that President Ronald Reagan reduce the U.S.

budget deficit even if it means raising taxes.

The chancellor of the Exchequer, Nigel Lawson, has publicly pledged to "keep up the pressure on the United States" to take these steps. Other British government of-

ficials say that Mrs. Thatcher now believes that the time has come for Mr. Reagan to swallow his ideological objections to tax increases.

"We've not generally prescribed the way in which it should be done," one official said Wednes-

day, explaining Mrs. Thatcher's belief that the U.S. deficit was a key element in the international economic crisis. "That might be described as being presumptuous, but one obvious way is tax increases."

The official said Mrs. Thatcher had made her point about the need for tax increases to Mr. Reagan in a "tangential way" by pointing out that when she faced a rising deficit early in her term, she raised some taxes temporarily. The projected British deficit for this year is a modest \$6.8 billion compared to \$170 billion in the United States.

Such urging from Mrs. Thatcher, generally viewed as Mr. Reagan's most important international ally on economic policy, is significant because it reflects the depth of European concern, and it also represents a longstanding division between Mrs. Thatcher and Mr. Reagan on supply-side economics. She has never believed in the Laffer Curve theory that lowering taxes increases revenues.

The increasingly public campaign by Mrs. Thatcher and Mr. Lawson also reflects the degree to which the London stock exchanges are linked to economic conditions in the United States. Experts said Mrs. Thatcher was eager for some

stabilizing moves from Washington between now and Friday, when she must decide whether to go ahead with a \$12.2 billion offering of British Petroleum stock.

Mr. Lawson, who has curbed Britain's deficit while bringing the base income tax rate down from 33 percent to 27 percent, has been the point man for Mrs. Thatcher. He first called on the Reagan administration to increase taxes last week, and he said Tuesday that he had been in touch by telephone with Treasury Secretary James A. Baker 3d.

Reporting his contact with Mr. Baker to the House of Commons, Mr. Lawson said: "I think it is very important that we continue to keep up the pressure on the United States. The president has made statements showing a lesser degree of unwillingness to raise taxes than has ever been the case before."

Mr. Lawson added that there was "general agreement" in Parliament that Mr. Reagan needed to increase taxes and decrease public expenditure as quickly as possible.

The chancellor has also called on Japan and West Germany to reduce their trade surpluses and criticized West Germany for monetary policy "that is really rather too

tight." But the massive fiscal and trade deficits, and their implications for the world economy and the London financial markets, have been the main focus of his concerns.

Because of the linkage between the London and New York markets, British officials believe that Mr. Reagan must do more than simply authorize his advisers to meet with congressional leaders, said Deanne Julius, director of economics at the Royal Institute of International Affairs.

"There are a number of things the president could do immediately, such as imposing a crude oil tax or other immediate revenue measure," she said, adding that Mrs. Thatcher and Mr. Lawson would welcome such a swift "symbolic" move.

The prime minister's advice to Mr. Reagan has a slight 1-to-20-yes flavor. Officials noted that she had been warning Mr. Reagan about the deficit for several years. Mrs. Thatcher told aides Tuesday that she was prepared to quote a 1983 speech in which she told the House of Commons that she would not follow the Reagan administration's example in deficit financing because it "will cause great trouble."



A Tree-House Hero's Rise and Fall

By Dirk Johnson
New York Times Service

ST. LOUIS PARK, Minnesota — Once, Mark Tucker was just another folk hero living in this western Minneapolis suburb.

And then came the apartment house controversy.

Mr. Tucker fought city hall, stood up for the rights of the "little guy" and affirmed the love and commitment between father and son. It was all so inspiring that television crews from New York to Tokyo came here to document the story of a man portrayed as a folk hero.

This fame came to Mr. Tucker, 38, after he built a tree house in his yard. Years ago, he said, he had promised his son, Ross, that he would build him that tree house. When Ross was 16, and left home after a quarrel, Mr. Tucker recalled the vow he had failed to keep.

"I felt real guilty," he said. "It became an obsession."

So early in 1986 he temporarily put aside his job as an insurance salesman. He worked full time for months to build an elaborate, seven-tiered structure around an ancient maple tree, and he named it Ross's Lookout. The son, touched by the effort, returned home.

But the hearts of city building inspectors were not warmed. They said that the tree house was a danger to neighborhood children who played in it and that it did not conform to the municipal building code. They threatened to have it demolished.

Mr. Tucker mounted a series of legal challenges against the authorities, and neighbors rose to his defense. Townspeople circulated a petition and 1,700 people signed it.

A party was thrown in the tree house to build a legal defense fund.

Once, Mark Tucker was just another folk hero living in this western Minneapolis suburb.

And then came the apartment house controversy.

Some of the tenants living in Mr. Tucker's seven Minneapolis apartment buildings declared that the tree house probably was more habitable than his buildings.

"That lousy, no-good" man "is

Of his jail sentence for renting condemned apartments, Tucker said, "They didn't like it that I was the good guy."

no hero," said Michelle Wyatt, a tenant who, along with her six children, was forced to leave her apartment after inspectors had deemed it unlivable.

"He's one of the worst slumlords in the city," said Richard Parker, the head of the North Side Residence Redevelopment Council, a housing rehabilitation group. "He's got mice, rats, vermin running all over these places where little kids live."

Indeed, Mr. Tucker has been convicted of housing code violations 14 times since 1983. And in early October, Judge Steven Lange of the Hennepin County district

court sentenced him to 10 days in jail for a number of infractions, including the rental of apartments to tenants after the buildings had been condemned.

Mr. Tucker, who is scheduled to serve his jail time in November, insists that his apartment buildings are not in such bad shape. "Mice? Rats? Roaches? Who doesn't have them?"

He believes the favorable publicity resulting from the tree house crusade led to the housing charges. City officials deny this.

"Somebody didn't like to see everybody rallying behind me," he said. "They didn't like it that I was the good guy."

For now, the city has posted a "stop work" notice on the tree house, effective until Mr. Tucker can get a structural engineer to attest to its safety.

He contends that no other tree houses in St. Louis Park have been put to that test. And as for its structural stability, he notes, about 80 people stood in the tree house at one time during the fund-raising party, and it did not collapse.

Mr. Tucker says he believes this is a fight he will win.

"I think there might even be a cotton-picking movie in all this," he said.

Meanwhile, local news organizations have become somewhat skeptical of Mr. Tucker, after what some see as an excessive early coverage. The *Twin Cities Reader*, an alternative newspaper, asserted that reporters were initially taken in by him, that they couldn't "see the forest for the trees."

"If the media was fooled by Tucker," the newspaper asked, "how often are we getting lost in the woods?"

Watch the world go by from the front porch. Call home.

Thinking back on the world you left behind? A talk with the folks back in the States will bring it all back to life. So go ahead. Reach out and touch someone.®



Nearing Deadline, Ministers Meet on Central American Pact

By Julia Preston
Washington Post Service

SAN JOSE, Costa Rica — With little more than a week until the deadline of the Central American peace plan, the foreign ministers of the five nations that signed the accord have begun meeting again as each country scrambled to impose its own interpretations of the complex pact.

A consensus prevailed Tuesday that the peace process was still lumbering forward. The accord, based on a proposal by President Oscar Arias Sánchez of Costa Rica, was signed Aug. 7 in Guatemala and is to take effect Nov. 5.

"Something has changed in Central America," Foreign Minister Rodrigo Madrigal Nieto of Costa Rica, said Tuesday, speaking of the effect of the accord. "A refreshing spirit of dialogue prevails."

In an apparent reference to the Reagan administration, which has criticized the accord as too easy on Nicaragua, he called the ministers' meeting that began Tuesday "a firm refutation" of "adverse" views on the pact.

He also chastised his fellow ministers for dragging their feet and warned them not to settle for "a halfway compliance that covers only superficially the letter of the agreement."

The Reagan administration, beset by pressures from leaders in Central America and in the U.S. Congress, is said by administration sources to be considering holding off until January before seeking a vote on \$270 million in additional aid to the Nicaraguan rebels, known as contras. The Associated Press reported from Washington.

Secretary of State George P. Shultz said earlier this month the administration was planning to ask Congress for a vote sometime in November. However, on Tuesday, several officials said that the administration is having second thoughts about a November vote, for a variety of reasons.

On the sidelines, several political leaders of the Nicaraguan rebels tried to stage a dramatic return from San José to Managua, according to one of them, Alfonso Robelo Callejas, the head of the Honduras-based Nicaraguan Democratic Force.

However, Nicaragua ordered airlines not to allow them to fly in.

The ministers of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua hope to outline an order of events by which all five nations will begin to honor clauses calling for cease-fires, a broad amnesty for rebel fighters, peace dialogues between governments and opposition groups and an end to foreign aid to rebel armies.

Points of disagreement remained. Foreign Minister Miguel d'Escoto Brockmann of Nicaragua dismissed reports that his government might be moving closer to indirect talks with the contras through the mediation of Cardinal Miguel Obando y Bravo, the Roman Catholic primate of Nicaragua.

The pact does not require any government to meet with armed rebels, but Mr. Arias has called for such talks. Father D'Escoto said that if any contacts were made between his government and the contras, they should not be aired publicly. He added, "When the United States stops financing the contras, then there will be a negotiated cease-fire."

Foreign Minister Alfonso Cabrera Hidalgo of Gu-

atemala said there was no need for a negotiated cease-fire in his country because there was no war.

A Honduran delegate said his government planned no measures to urge guerrillas remaining on Honduran soil to move into Nicaragua, as the pact stipulates. He said that the publication of the text of the accord in Honduras was pressure enough on the contras.

Killing Threatens Talks

Rebels fighting the government of El Salvador threatened Tuesday to break off peace talks because of the killing of one of the country's most outspoken human rights crusaders. The New York Times reported from San Salvador.

Western diplomats said the killing of Herbert Anaya Sanabria, the head of the nongovernmental Commission on Human Rights in El Salvador, appeared to be an attempt to silence the left and sabotage the peace accord.

It inflamed passions as the National Assembly began debate Tuesday on an amnesty proposed by President José Napoleón Duarte under the terms of the accord.

Socialists In Spain Suffer Split Over Budget

By Paul Delaney
New York Times Service

MADRID — Facing strong union dissent and increasing pressure, Spain's governing Socialists are defending their budget proposals as necessary for continued economic growth.

Union leaders have protested what they consider inadequate wage and benefits proposals in the package and have scheduled a series of demonstrations beginning Thursday. The Socialists were shaken by the resignation from the Cortes, the parliament, last week of the head of the largest union.

Coupled with demonstrations against the renewal of a military pact with the United States and the possibility of campus unrest, there is concern that the country may see a resumption of the widespread protests and strikes, some of them violent, that rocked Spain for much of the first half of the year. After the unrest, the Socialists suffered serious setbacks in regional and municipal elections in June.

Political experts say the government cannot allow the country to go through another period of wrenching protests without the Socialists suffering further damage.

The more serious problem for the government is the rift with its longtime labor ally, the General Union of Workers, and the resignation from parliament of Nicolás Redondo Urbieto, the union's general secretary. Mr. Redondo, 60, was once considered a possible leader of the Socialist Party.

The parting of ways came in a dispute over government proposals to limit wage and benefits increases in order to fight inflation. Contract talks have been going on for several weeks, with the two sides far apart. The government has proposed salary increases of 4 percent; the union wants 5.5 percent, with more money for retired people and the unemployed. Rather than line up with fellow Socialists, who have an overwhelming majority, and vote on the budget, Mr. Redondo and an aide gave up their seats.

The Socialist union has joined with its Communist counterpart, the Workers' Commissions, the second largest trade union, in calling the protests. Although the Socialist union generally keeps its more leftist colleagues at some distance, the two groups separately spearheaded the earlier strikes and protests. The joint demonstrations would be the first held by the two sides on a national level since 1985.

Some officials were upset by the dispute with Mr. Redondo. Interior Minister José Barrionuevo Petha termed it "bad news." Enrique Muga, a party leader, said the resignation should never have been allowed to occur.

Luis Garrido Medina, professor of sociology at Complutense University, said a break was a must for the union because, with the approach of elections in which workers select their union representation, it was important not to be too closely associated with the government.

Regarding the bases, negotiations were to resume this week, but both sides agreed to postpone the session until Nov. 5 and 6. Organizers have planned demonstrations in several cities leading up to Nov. 13, when Spain must formally say if it does not want the treaty extended beyond next May.

The main object of the protests is Torrejón Air Base, just outside Madrid, and a wing of F-16 fighter jets based there. Participants in a demonstration held Sunday included a few Socialist Party officials, among them the mayor of Madrid, Juan Baranaco, and Joaquín Leguina, head of the Madrid regional government.



CHILEAN JOURNALISTS PROTEST — In Santiago, journalists brandished signs that read "End Censorship" as they demonstrated against restrictions placed on the press by the military government of Augusto Pinochet.

Party Quits Coalition In Panama

Reuters

PANAMA CITY — The military-backed government was split on Wednesday after Vice President Roderick Lorenzo Esquivel pulled his Liberals out of the five-party ruling coalition.

Mr. Esquivel said he wanted to join the fight for democratic reform in Panama.

He has frequently urged wider democratic freedoms in the nation, which has seen five months of protests aimed at removing the de facto ruler, General Manuel Antonio Noriega, the commander of the National Defense Force.

The almost daily protests began when General Noriega's former deputy, Colonel Roberto Diaz Herrera, accused him in June of crimes including murder and corruption.

Mr. Esquivel stressed that although his party had left the coalition, he was not resigning as vice president.

"I remain vice president, but as an independent," he said Tuesday.

The Liberal Party voted Tuesday to leave the coalition. It said in a resolution that intended to follow "an independent line" and "to intensify our struggle for a true and early democratization of our country."

The opposition portrays President Eric Arturo Delvalle as General Noriega's puppet.

"This is a definitive break with Delvalle," Mr. Esquivel said.

Mr. Esquivel has been under pressure to resign since Mr. Delvalle closed the vice president's offices last week and dismissed his 18 staff members, saying they were an unnecessary expense.

The opposition planned to hold a nationwide anti-Noriega protest on Wednesday in defiance of the government, which has banned the demonstration.

Uganda Leader Vows to Crush Insurgents

Reuters

ENTEBBE, Uganda — President Yoweri Museveni of Uganda has ruled out peace talks with the rebel Holy Spirit Movement, saying his government's policy is to crush the insurgents.

"If you want to know my opinion about talking to rebels, it will be a disaster not to crush these fellows once and for all," he said at a news conference at Entebbe airport south of Kampala on Tuesday night on his return from a three-week trip abroad.

Mr. Museveni's National Resistance Army is chasing the Holy Spirit Movement through the bush about 55 miles (89 kilometers) northeast of Kampala.

The rebel group's leader, Alice Lakwena, 27, and her 2,500 followers say she is a prophetess who receives messages from God through the Holy Spirit Lakwena and that God has given her a mission to overthrow Mr. Museveni.

The president dismissed Miss Lakwena as a nuisance with a psychiatric problem and predicted that his army would either kill her or capture her within a few weeks.

"It is not necessary to paper our differences with these people," he said. "We must crush them and that is our line."

Since Mr. Museveni left for his trip to Canada, the United States, France, Algeria and Ghana, the Holy Spirit Movement has moved from the far east of Uganda to within a few miles of Jinja, the country's second largest city.

On its march, the movement has intermittently disrupted road and rail links between Kampala and the Indian Ocean. Those links carry the vast bulk of landlocked Uganda's exports and imports.

The last major engagement took place on Sunday, when government forces fought off a rebel assault on Magamaga barracks near Jinja and then counterattacked a rebel encampment to the north.

The government said that it killed more than 200 members of the Holy Spirit Movement in the two battles and that the rebels had dispersed into small groups.

The government newspaper New Vision said on Wednesday that fighting resumed on Tuesday about 17 miles northeast of Jinja, but gave no details.

Ethiopia Rebels Warn of Raids on Food Convoys

By Blaine Harden
Washington Post Service

NAIROBI — The Ethiopian rebel group that last Friday ambushed and burned a convoy of UN trucks carrying emergency food has threatened to attack other famine-relief convoys in the north of that country.

A spokesman for the Eritrean People's Liberation Front said that unless the rebels were informed in advance about the movement of UN convoys, they would assume that the trucks were being used as camouflage for military activities of the Ethiopian government.

"It is not the wish of the EPLF to deter relief activities, but if we are not informed of what is going to happen, we don't have any choice," said Tesfaye Ghermuzian, the Washington spokesman for the rebel group, on Tuesday. "We cannot be blamed for any consequences and casualties that might happen."

In the Ethiopian capital, Addis Ababa, a senior UN official replied that "it is out of the question" for the UN emergency operation to establish contact with the rebels.

"In Ethiopia, we don't have any contact with any organization other than the government, and we certainly cannot start such contact," said David Morton, director in Ethiopia of the UN's World Food Program.

The face-off between the Eritrean rebels and the United Nations comes as Western donors are trying to send supplies of relief food into the northern Ethiopian regions of Tigré and Eritrea, where severe drought threatens at least one million people with starvation.

If large amounts of food do not reach the north by December, donors say large numbers of destitute people will migrate into famine shelters. It was in such shelters in 1984-85 that hundreds of thousands of people died.

The attack on Friday, in which rebels destroyed 23 long-haul trucks along with 450 tons of wheat that could have fed 45,000 people for a month, was an unexpected setback for relief officials.

"We have lost a lot because of this," Mr. Morton said. "We have lost time. We have lost food. And there is now uncertainty about whether any trucks can move freely in that part of the country."

Lack of transportation is the major obstacle to moving the 400,000 tons of food aid that donors say is needed to stave off famine in northern Ethiopia next year. The attack destroyed about 40 percent of the UN's long-haul vehicles in Eritrea and Tigré.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

The U.S. Agency for International Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

SANDEMAN FOUNDERS RESERVE PORT
NO LONGER RESERVED TO THE ENGLISH.

THE JEWEL OF THE NILE

For those in the know, there's only one place to stay in Cairo. Because the Nile Hilton is not only the city's premier hotel — it also combines all the business facilities you could wish for in your own office, with the luxury and intimacy of a Country Club — surrounding you with shady trees, green lawns, a Health Club, tennis courts, and the largest swimming pool in the city center.

Established for over a quarter of a century, and continuously refurbished to the very highest standards, the Nile Hilton provides superb comfort, a wide range of restaurants and bars (from a Belgian tavern to a classical restaurant serving Egyptian specialties), and the famous Safari bar. For traveling executives, we have unrivaled business facilities — including secretarial assistance, telex, fax and word processors. Also, for the ultimate in luxury, our Executive Floor pampers guests with its own Concierge, the convenience of an expedited and speedy check-in and No Stop Check-Out service, and a private Lounge, where you can enjoy complimentary continental breakfast, cocktails and canapés.

If business takes you to Cairo, join those in the know on your next trip — stay at the Nile Hilton.

For reservations, call your travel agent, any Hilton International hotel or Hilton Reservation Service in Copenhagen, Frankfurt, London, Madrid, Milan, Oslo, Paris or Stockholm.

NILE HILTON

Your Office and Country Club in Cairo.

American Airlines to the USA from 8 European cities.

From London/Gatwick, Manchester, Paris/Orly, Frankfurt, Dusseldorf, Munich, Geneva and Zurich.

AUTHORS WANTED BY N.Y. PUBLISHER
Leading subsidy book publisher seeks manuscripts of all types, fiction, non-fiction, poetry, juvenile, scholarly and religious works, etc. New authors welcomed. Send for free booklet H-3. Vantage Press, 516 W. 34th St., New York, N.Y. 10001 U.S.A.

American Airlines. The American Airline.

Call your travel agent or nearest American Airlines office.

Malaysia Seizes 63, Closes 3 Papers as Racial Unrest Rises

By Michael Richardson
International Herald Tribune

SINGAPORE—The Malaysian government banned on Wednesday all public rallies and closed three newspapers. The police continued to make arrests in a crackdown that officials said was aimed at defusing racial tension.

The arrests, under Malaysia's Internal Security Act, began Tuesday. By Wednesday 63 persons had been jailed, many of them politicians from government as well as opposition parties.

The actions followed weeks of rising racial tension between Malays and Chinese, the country's two major ethnic groups, who share power with the Indian minority.

The power-sharing system has come under strain in recent months. There have been a series of incidents between Malays and Chinese involving education, language and culture, all issues capable of stirring emotion in Malaysia. Some ethnic Chinese have accused the government of attempting to make Malay the dominant culture.

In a speech to Parliament, Prime Minister Mahathir bin Mohamad said that the ban on rallies would apply to a huge meeting planned Sunday in Kuala Lumpur by his party, the United Malays National Organization, known as UMNO.

Many people feared that the UMNO rally could spark race riots similar to those in 1969 that caused the deaths of more than 100 people in the Malaysian capital.

Political analysts said that some members of UMNO had asked Mr. Mahathir to take more extreme action, such as declaring a state of emergency, suspending Parliament and running the country through a handpicked council. But they said he had resisted this pressure, arguing that such measures were premature.

Mr. Mahathir, however, did not say when the ban on rallies or the revocation of the newspaper licenses would end. Nor did he say when those arrested would be freed.

Under the Internal Security Act, persons deemed to be a threat to national security can be arrested and held without formal charges and without trial for indefinite, renewable 60-day periods.

In an interview, Lee Lam The, deputy secretary-general of the Democratic Action Party, said that the prime minister had ordered the

arrests to discredit political opponents and justify his decision to halt the UMNO rally. The arrests apparently began late Tuesday with that of Lim Kit Siang, the party's secretary-general.

The Democratic Action Party is the main opposition party in Parliament. While espousing multiracialism, it draws most of its support from Chinese.

Mr. Lee said that 12 members of the party were detained, including Mr. Lim, who is leader of the opposition in Parliament. Of the 12, 10 were members of Parliament or state assemblies, he added.

Mohamad Haniff Omar, the police inspector-general, denied that the arrests were politically motivated. He described race relations as "very tense," adding that if the situation was not contained, it could become "chaotic."

Ng Cheng Kiat, secretary general of the Malaysian Chinese Association, said his party supported efforts to calm the situation and maintain peace.

The Malaysian Chinese Association is the largest Chinese party in the ruling Malaysian coalition led by Mr. Mahathir. Five members were among those arrested, party officials said.

The ruling coalition has 13 parties, most of them representing different races. Just over 50 percent of Malaysia's 16 million population is Malay, about 33 percent Chinese and 10 percent Indian.

While most of the 63 politicians, civil rights activists, members of public interest groups and others detained on Tuesday and Wednesday were Chinese, the police said 14 were Malays, including three from the ruling party.

Many of the 63 were critics of the government.

Param Kumaraswamy, chairman of the Bar Council of Malaysia, a lawyers' association, said in an interview that a number of the Chinese and Malays arrested had "been voicing extremist views."

Nonetheless, he said that the council opposed use of the Internal Security Act and was seeking release of all detainees.

Mr. Mahathir defended the arrests, alleging that those picked up had constantly questioned Malay rights or raised communal and religious problems.

The three newspapers ordered to stop publishing for security reasons were *The Star*, an English-language tabloid controlled by the Malaysian Chinese Association; *Sin Chew* (Chinese-language daily); and *Watan*, a biweekly Malay-language paper.

Mr. Mahathir accused them of highlighting sensitive issues. "We are a developing country trying to improve our economy," he said. "If there is no stability, there will be chaos."

U.S., Vietnam Meet on MIA's

United Press International

BANGKOK—Six U.S. military specialists arrived Wednesday in Hanoi to discuss the recovery of the remains of Americans missing as a result of the Vietnam War, U.S. Embassy officials said.

André Masson, Surrealist Artist, Dies

The Associated Press

PARIS—André Masson, 91, one of the last great surrealist painters, died at his Paris home on Wednesday, family friends quoted by Agence France-Press said.

He had been confined to his bed and reportedly had not painted for a dozen years.

One of the prime movers of the surrealist movement, Mr. Masson referred to himself as a "painter by instinct."

Mr. Masson was among the diverse group of painters and writers who developed what became known as the "surrealist group" in the early 1920s. It was nourished by the postwar blossoming of artistic movements and the cumulative effect of such authors as Charles Baudelaire and Guillaume Apollinaire.

André Breton's "Surrealist Manifesto," published in 1924, helped define the movement's philosophy.

"For us, surrealists of 1924, the great prostitute was reason," Mr. Masson wrote in "The Pleasure of Painting" (1950). "It was cool reason, after all, that had led mankind into the war to end all wars."

"Rational" painting, they believed, was too deeply embedded in society to realize art's role as a social dynamic.

"All are in reaction to something," Mr. Masson said. "Surrealism was part of an attitude that said, 'we have to have something new.'"

Mr. Masson continued to stand by that attitude. "Each painting has to find its style and be something new," he once said.

"It was a fine thing, a little community of artists with its own rules and membership," he said of the surrealists. "There were things that were forbidden—like realism. Me, I allowed myself to do anything."

Born Jan. 4, 1896, in Balagny, north of Paris, he was attracted to painting as a youngster. He was admitted to the Belgian Académie Royale des Beaux Arts in 1907. His experiences in World War I, during which he was gravely wounded, marked much of his later work.

During World War II, Mr. Masson fled to the United States, where he lived from 1941 to 1945.

Some of his best known paintings include "Broccolande" (1937), "Le Labyrinthe" (1939) and "L'Assassinat de l'Automate" (1941). In 1965, he painted the ceiling of the French National Theater of the Odéon.

Mr. Masson also illustrated books and designed ballet sets. His work is displayed in galleries and museums of contemporary art in Europe and the United States.

Jean Hélion, 83; French Realist Painter
PARIS (AP)—Jean Hélion, 83, a noted contemporary French painter, died early Wednesday, family members said.

He is to be buried Monday in Paris's Montparnasse cemetery, they said.

One of the pioneers of the abstract school of painting, from 1929 to 1939, Mr. Hélion eventually moved toward more realistic works that concentrated on daily life.

In 1939, after introducing curves and rounded forms into his work, he totally abandoned the geometry of the abstract style.



Lieutenant Colonel Victor Raphael, center, the U.S. military attaché accused by the Philippine press of meddling in a coup attempt, will be transferred, the U.S. Embassy said.

ATTACKS: 3 Americans, Philippine Bystander Slain

(Continued from Page 1)

for military personnel to restrict their off-base travel to well-traveled roads.

The killings followed repeated warnings from the Communist New People's Army that they were prepared to escalate their 19-year insurgency by attacking American targets.

The most recent issue of Ang Bayan, the Communist Party's official newsletter, carries an unsigned statement in which the party threatens to attack U.S. military facilities and business interests.

Earlier this month, the northern Luzon chapter of the New People's Army held a clandestine press conference for a handful of reporters, and a rebel spokesman, Ruff Firmesa, said, "If there is another coup or martial law, we will hit the U.S. imperialists, all American personnel, military, diplomatic or what."

The killings outside the air base bore a striking resemblance to the recent spate of slayings in Manila by so-called "sparrow units," or urban assassination squads of the New People's Army.

One of the victims, identified by the Philippine police as Randy A. Davis, 30, of the air force, was walking on a road to a restaurant in Dau, Pampanga Province, when three men opened fire on him at close range.

Killings by the urban assassination squads have generally followed the same pattern, with a group of three men or women approaching their victim on a public street, opening fire suddenly and at close range with concealed hand-

guns, and then fleeing aboard jeeps.

If the Communists are linked to the slayings, it could mark a new escalation of the insurgency which has increasingly taken its campaign of violence from the countryside to the city streets.

Such a turn of events would also pose new policy risks for the United States, which has for the most part avoided being directly drawn into the Philippine counterinsurgency effort.

The last known attacks by Communists against Americans came in the mid-1970s at Subic Bay Naval Station.

Some observers noted that rightist military rebels had been active near the base. They suggested the attacks on the Americans may have been perpetrated by rightist soldiers trying to place the blame on the Communists and further destabilize the Mrs. Aquino's government.

The killings occurred at a time of rising Philippine nationalism that has often resulted in anti-American sentiment. This comes at a particularly sensitive time, since the leasing agreements for Clark Air Base and the U.S. Subic Bay Naval Station are scheduled to be renegotiated next year.

This week, the growing anti-American mood was highlighted by a flap involving a U.S. Embassy military attaché, Lieutenant Colonel Victor Raphael, who was accused in the press of "meddling" in the Aug. 28 coup attempt by being inside a rebel-held military camp and at one point trying to dissuade

pro-government troops from attacking the rebel position.

The U.S. ambassador, Nicholas Platt, has confirmed that Colonel Raphael was inside the camp during the coup attempt, but he maintained at a news conference on Oct. 22 that the colonel was only "doing his job," and that he remained a "trusted member" of the embassy staff.

However, as the controversy showed signs of escalating this week, both houses of the Philippine Congress announced plans to investigate, the U.S. Embassy announced on Wednesday that Colonel Raphael would be sent back to the United States this week.

The embassy, in a statement, said that Colonel Raphael's transfer was "no reflection" of his performance and that the charges against him were "unfair and unwarranted."

The new Philippine foreign secretary, Raul S. Manglapus, said Wednesday at a news conference that the Philippines now should begin to "broaden" its relations to end its heavy dependence on the United States.

"I think," he said, "it's time to renew this attitude and to recognize that we do have special relationships with Asia, then Europe, and then the United States. It would mean broadening the horizons of our foreign policy."

Some analysts have predicted that Mr. Manglapus's nationalistic tone in foreign policy may make it more difficult for the United States and the Philippines to reach an agreement on retaining the military bases after 1990.

Mr. Deaver, he said, was "not that kind of man" who would try to trade on his close relationship to the president.

The prosecutor maintained, however, that Mr. Deaver was trying to cash in on his relationship, and that at one time a contract to sell his lobbying business for upward of \$16 million seemed within his grasp. But then, drawn to the case by the publicity over Mr. Deaver's booming business, the investigators began focusing on Mr. Deaver's clients, and the deal fell through, Mr. Seymour said.

Mr. Seymour, one of seven special prosecutors assigned to handle cases of alleged corruption in the Reagan administration, laid out the five-count indictment that could send Mr. Deaver to prison for 25 years.

These were the deals involved: Boeing Co., the aircraft maker, wanted to sell the White House a new \$200 million Air Force One; Canada wanted U.S. action on acid rain pollution; Rockwell International Corp. wanted to build a space station; Trans World Airlines wanted to stop a hostile corporate takeover, and Puerto Rico wanted to retain a tax break for its industries.

Mr. Deaver, the prosecutor asserted, obliged his clients with telephone calls and brief conversations with top Reagan administration officials: Secretary of State George P. Shultz; Elizabeth H. Dole, then the transportation secretary; Robert C. McFarlane, then the national security adviser; and Treasury Secretary James A. Baker 3d.

Mr. Deaver testified "truthfully as far as he could remember," Mr. Miller said, adding "there is another thing" that may have affected his memory.

"His drinking problem had gotten out of hand," Mr. Miller said, saying that the pressures of Mr. Deaver's White House job were forcing him to neglect his family.

The trial is expected to last three to five weeks.

Deaver Trial For Perjury Opens in Washington

By Bill McAllister
Washington Post Service

WASHINGTON—A federal jury has been asked to see Michael K. Deaver's fall from power as either the tale of a Reagan administration insider anxious to trade on his position for millions of dollars in lobbying fees or the story of a dedicated but seriously ill Reagan loyalist reluctant to leave the side of the president he admired.

Those were the conflicting portraits painted by the former White House deputy chief of staff as his trial began Tuesday in U.S. District Court here on five counts of lying to a congressional subcommittee and a federal grand jury.

Whitney North Seymour Jr., the independent counsel prosecuting the case, told the jury that this is a case of a longtime aide to President Ronald Reagan and his wife, Nancy, who "decided to turn that relationship into personal gain" and then tried to cover up the contacts he made as a lobbyist, partly in fear of embarrassing the Reagans.

As he ticked off a list of Mr. Deaver's lobbying clients and stressed the large fees they paid him immediately after he left the White House in 1985, Mr. Seymour asked what he called "a critical question you're going to have to ask yourselves: 'Why? What were they buying?'"

Mr. Deaver's lawyer, Herbert J. Miller Jr., disputed those assertions in his opening arguments, saying that the case against his client was "a damnable lie" and that lobbying, "a perfectly honorable and legitimate business," was not on trial.

Mr. Deaver, he said, was being hounded by a prosecutor intent on making a case out of a handful of answers the former Reagan aide had made among more than 1,050 answers given in 11 hours of congressional and grand jury testimony.

The issue, both Mr. Miller and Mr. Seymour agreed, is whether Mr. Deaver "willfully" lied when he said under oath that he could not recall certain contacts he made with top Reagan administration officials on behalf of his lobbying clients.

As expected from the pretrial disclosure by the defense that Mr. Deaver was a recovering alcoholic, Mr. Miller told the jury that his client's "drinking problem had gotten out of control" in 1985.

Mr. Miller said Mr. Deaver was lucky to be in court at all, describing Mr. Deaver's 1985 admission to Georgetown University Hospital for kidney failure as a life-threatening condition that resulted, briefly, in some "mental aberrations."

Mr. Deaver, he said, was "not that kind of man" who would try to trade on his close relationship to the president.

The prosecutor maintained, however, that Mr. Deaver was trying to cash in on his relationship, and that at one time a contract to sell his lobbying business for upward of \$16 million seemed within his grasp. But then, drawn to the case by the publicity over Mr. Deaver's booming business, the investigators began focusing on Mr. Deaver's clients, and the deal fell through, Mr. Seymour said.

Mr. Seymour, one of seven special prosecutors assigned to handle cases of alleged corruption in the Reagan administration, laid out the five-count indictment that could send Mr. Deaver to prison for 25 years.

These were the deals involved: Boeing Co., the aircraft maker, wanted to sell the White House a new \$200 million Air Force One; Canada wanted U.S. action on acid rain pollution; Rockwell International Corp. wanted to build a space station; Trans World Airlines wanted to stop a hostile corporate takeover, and Puerto Rico wanted to retain a tax break for its industries.

Mr. Deaver, the prosecutor asserted, obliged his clients with telephone calls and brief conversations with top Reagan administration officials: Secretary of State George P. Shultz; Elizabeth H. Dole, then the transportation secretary; Robert C. McFarlane, then the national security adviser; and Treasury Secretary James A. Baker 3d.

Mr. Deaver testified "truthfully as far as he could remember," Mr. Miller said, adding "there is another thing" that may have affected his memory.

"His drinking problem had gotten out of hand," Mr. Miller said, saying that the pressures of Mr. Deaver's White House job were forcing him to neglect his family.

The trial is expected to last three to five weeks.

Soviet Ring in Greece Got U.S. Missile Data

By Paul Anastasi
New York Times Service

ATHENS—The Soviet Union, through a military intelligence operation in Greece, acquired specifications for the Stinger missile and developed an almost identical weapon, according to a Greek security official with immediate knowledge of the case. A Western official confirmed the incident.

The development means that the Russians gained the technology for a portable missile whose extreme effectiveness has been demonstrated by Afghan guerrillas fighting Soviet forces.

The officials said Moscow saved millions of dollars in research costs that development of a similar weapon would have required.

They said the Russians made use of a Greek agent within the military establishment in the last three years to obtain the circuit design and other data for the basic Stinger model.

With these, they said, they built the SAM-14, which is now the Soviet equivalent of the Stinger and is available on the international market at prices somewhat higher than the original U.S. version.

The Stinger, which can be carried by one person, has proved capable of shooting down helicopters and jet bombers.

Developed by General Dynamics, the shoulder-fired weapon weighs about 30 pounds (13.5 kilograms) and has a range of 3.4 miles (5.5 kilometers).

Officials said Wednesday that Michael Megalociconomou, a 37-year-old Greek, would stand trial

on charges of providing secrets to the Soviet Union, some of which enabled them to copy Stinger technology.

The sources said Mr. Megalociconomou, the former deputy manager of Standard Electric, the Greek subsidiary of I.T.T. had been formally charged with spying for the Soviet Union.

They said a trial date had not yet been set.

Two other employees of Standard Electric had been charged with negligence but not with specific espionage activities, they said.

The officials said the espionage operation was the work of the Athens mission of Soviet military intelligence and of the Military Industrial Commission in Moscow, which coordinates both the development of Soviet weapons and a worldwide program to acquire Western technology.

The United States subsequently stopped producing this particular Stinger model, but the officials said they did not know if the decision was related to the Greek incident.

The officials said the U.S. and Greek governments had discussed the case and had improved their cooperation to prevent any further loss of military-oriented technology.

The case caused considerable friction between the United States and Greece and slowed delivery of U.S. military supplies, including jet fighters and other sophisticated technology, Greece signed an accord last year specifying that it would take measures to prevent the drain of technology.

Moscow Offers to Allow U.S. Inspection of Radar

By Michael R. Gordon
New York Times Service

WASHINGTON—The Soviet Union has offered to allow U.S. officials to inspect two radars that some conservative senators assert may violate an arms control accord, according to Reagan administration officials.

The offer was made last week when Secretary of State George P. Shultz had talks in Moscow, officials said.

One said the Reagan administration was "digesting" the Soviet offer and had not decided how to respond.

The proposal follows other offers on Soviet military activities. In September, the Soviet Union allowed a congressional delegation to inspect its disputed radar at Krasnoyarsk in Siberia. Earlier this month, Western officials were granted limited access to the chemical weapons site at Shikhan, about 550 miles (900 kilometers) southeast of Moscow.

The latest offer came after the administration privately expressed concern about the radars. They are outside an electronic installation at Gornel, southwest of Moscow.

Soviet officials said to have denied that the radars constitute an arms control violation. The matter is seen as being of more political than military importance.

At issue are two types of old radars, dubbed Pawn Shop and Flat Twin by intelligence experts, that were first observed 15 years ago. Several of the radars had been linked to anti-ballistic missile test ranges at Sary-Shagan in Kazakhstan and on the Kamchatka Peninsula in the Far East. The Reagan administration said that there

was "ambiguous" evidence that the radars were a "potential" violation of the 1972 ABM treaty, which bans mobile ABM radars.

Earlier this year, the State Department said most of these radars had been removed or dismantled. But one Pawn Shop and one Flat Twin radar were detected recently at an installation in Gornel.

Conservative Republican senators, seeking to portray the Soviet Union as a treaty violator, have seized on the issue. Senator Jesse Helms, Republican of North Carolina, sent a letter to Mr. Reagan along with 19 other Republican senators demanding a report about the "purported new violation" before any new treaty banning medium- and shorter-range missiles is signed.

Some administration experts say there is no firm basis for charging a violation. They say that it is not clear what the Russians are doing with the radars and that charging a violation could expose the United States to countercharges. But hardliners in the Pentagon have been pressing the administration to charge the Soviet Union with a violation of the ABM treaty.

The old radars are housed in vans at Gornel. Soviet officials are reported to have offered to let U.S. officials visit some of the old radar components near Moscow as well as at Gornel.

At the Moscow meeting, Soviet officials also informed the United States that Moscow was halting work at the Krasnoyarsk radar for one year. The U.S. State has charged that the radar violates the ABM treaty because it is not on the periphery of Soviet territory or oriented outward as the treaty requires.

REAGAN: Soviet Official to Visit

(Continued from Page 1)

ing strategic offensive reductions hostage to measures that would cripple our Strategic Defense Initiative—particularly since the Soviets are already spending billions on a strategic defense program of their own.

Talks to Focus on Treaty
The Associated Press reported earlier from West Point.

The White House spokesman, Mr. Fitzwater, said the talks in Washington would focus on a nearly completed treaty banning intermediate-range nuclear missiles as well as on negotiations to curb strategic weapons and a possible summit meeting.

Mr. Fitzwater said tentative plans called for Mr. Reagan to meet with Mr. Shevardnadze early Friday afternoon before the president leaves for Phoenix, Arizona, where he will attend a memorial service on Saturday for his wife's mother, Edith Luckett Davis.

Agreement on reaching an intermediate-range nuclear force treaty, Mr. Reagan said Monday that although there might still be details to be worked out, "we do believe that it is going to be signed."

The Senate, in a 93-0 vote, appropriated \$8.5 billion for military construction projects on Tuesday, but omitted money for cruise missile sites in West Germany and the Netherlands in hopes of a U.S.-Soviet agreement to eliminate the weapons.

The Senate bill includes language urging U.S. allies in Europe to assume a greater role in defending Europe and to pay a bigger share of the military costs, but it contains no specific goals.

U.K. Highway Crash Kills 12
Reuters

PRESTON, England—Twelve persons, including three children, were killed Wednesday when a petroleum tank truck exploded and burned in a highway accident near this northwestern town, a hospital spokesman said.

DENG: A Request to Stay

(Continued from Page 1)

that is likely to follow a predetermined course in endorsing the economic reforms introduced by Mr. Deng, Mr. Zhao, and their allies in the government and party.

Another surprise has been a decision by the party to permit a degree of open disagreement among officials at the congress, with the aim of stimulating more lively debate and presenting an image of democratic decision making. The decision to allow a disclosure of the uncertainty over Mr. Deng's future role seems to fit in with this more open style of discussion.

Leaders from the cities of Shenyang, Guangzhou, Chongqing, and Wuhan created a stir at a press conference when they were asked to give their views on Mr. Deng's plans to retire from the Politburo.

A new central committee, elected by the congress, is supposed to vote in secret for members of a new ruling Politburo. But Mr. Deng has told foreign visitors on several recent occasions that he intends to resign to make way for younger leaders.

"Many of us have been trying to persuade him not to quit," said Liao Bokang, party secretary of Chongqing, "and we are also being persuaded to let him leave."

"I hope he won't quit the Political Bureau," said Zhao Baojiang, the mayor of Wuhan.

"But Comrade Deng Xiaoping has recently presented an important reason for doing this," said Mr. Zhao, "and I'm weighing the pros and cons. At any rate, I hope he will continue to play an important role, quit or not."

BUCKHALD
IN THE NIGHTMARE AND THURSDAY MORNING NEWS FROM THE BUREAU OF FORECASTING

DOONESBURY

LEMMIE TELL YOU SOMETHING, DUKE. I'M AN ACQUITTED MAN. I LIKE THE ACQUITTED LIFE VERY MUCH. I'M THE ROSE OF HOWARD BEACH!

SO I GOTTA BE CAREFUL, UNDERSTAND? THAT'S WHY I'M GONNA LET YOU GUESS WHAT I WANT FROM YOU, AND WHAT'LL HAPPEN TO YOU IF I DON'T GET IT.

YOU WANT 10% OF MY BUSINESS AGAIN... OR I GET MY HANDS BROKEN?

YOU GET 90% OR I GET STUFFED INTO A CAR COMPARTMENT? GUESS THAT GOOD?

IS THAT A GUESS? HOW COME YOU GUESS DON'T GUESS THAT GOOD?

HEY, CHON, BUCKLE UP! GOT LUCKY!

ESCORTS & GUIDES

INTERNATIONAL ESCORT SERVICE

Head office in New York 330 W. 54th St., N.Y.C. 10019 USA
212-765-7896
212-765-7754

MAJOR CREDIT CARDS AND CHECKS ACCEPTED
Private Memberships Available

PARLIAMENTARY ESCORT SERVICE
USA & WORLDWIDE
NEW YORK 212-307-7321
CHICAGO 312-767-6204
REVERLY HILLS 212-767-2771
CREDIT CARDS/CHECKS

LONDON Portman Escort Agency
67 Clarendon Street, London W1
Tel: 486 3734 or 486 1158
All major credit cards accepted

LONDON KENSINGTON ESCORT SERVICE
10 KENSINGTON CHURCH ST. W8
TEL: 937 9134 OR 937 9131
All major credit cards accepted

GENEVA GINGER'S ESCORT SERVICE
022-34 41 84

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

ESCORTS & GUIDES

ARISTOCATS
London Escort Service
128 Victoria St., London W1
All major Credit Cards Accepted
Tel: 497 4711 or 4742
15 noon - midnight

LONDON BELGRAVIA
Escort Service
Tel: 734 5577

MAYFAIR CLUB
ESCORT SERVICE from 5pm
BOTTLED (0) 10-4254155
282 1144 from 4pm to 5.30pm
THE HAGUE (0) 70-40 79 96

CAP

SCIENCE

Skeletons Give Clues to Work, Burdens of Life

IN BRIEF

Tie Between Creativity and Insanity

WASHINGTON (WP) — A study of well-known creative writers confirms the long-held view that there is a link between "genius" and "insanity." Eighty percent of the writers were found to have suffered at least one episode of mental illness, usually manic-depressive illness or depression, compared with 30 percent of a group of nonwriter professionals matched for IQ, age, sex and socio-economic status.

Study Questions Low-Sodium Diets

BOSTON (AP) — A preliminary study has questioned years of doctors' advice to patients with high blood pressure that they eliminate sodium from their diets. The study of five men with hypertension confirmed that table salt clearly aggravates high blood pressure, but it also suggested that many other forms of sodium have no effect.

The five men's blood pressures rose sharply after they were given salt supplements for a week. But when they received the same amounts of sodium citrate, a common additive in many foods and drinks, their blood pressures didn't change.

Mice Produce Human Heart Medicine

NEW YORK (NYT) — Scientists have transplanted the gene for a human protein, considered promising as a treatment for heart attacks, into female mice, causing the animals to produce the substance in their milk.

The protein, tissue plasminogen activator, helps restore circulation in the heart muscle by dissolving the blood clots that caused the attack. Prompt restoration of blood flow helps minimize damage to the heart.

Although many technical hurdles remain, the data presented here demonstrate that transgenic animals may become an attractive alternative for future production of genetically engineered biologically active proteins," according to a report in the journal Bio-Technology.

By John Noble Wilford

THE life one lives can leave an indelible mark on the bones, and anthropologists are perfecting their ability to find in human skeletons clues not only to diet and disease but also to the daily activities and occupations of people long dead.

In a particular enlargement of the ulna, one of the two forearm bones, an anthropologist can begin to reconstruct the image of a spear-throwing hunter. In the skeleton of a modern American, such an enlargement makes it likely that he was a baseball pitcher in his youth.

Other clues are the signs of osteoarthritis of the spine and tiny fractures in the neck area that afflict Acaulco cliff divers who repeatedly hit the water head first; irregularities of the lower jaw attributed to a career of playing the clarinet; golfer's toe; dog-walker's elbow; and cowboy's thumb, which results from the multiple fractures from gripping the saddle horn while flying off horses in rodeos — or mechanical bulls in barnrooms.

Drawing on his experience as a forensic anthropologist, as well as the records of industrial and sports medicine and paleontology, Kenneth A.R. Kennedy, a professor of ecology and systematics at Cornell University and a specialist in Asian anthropology, has compiled the first list of more than 140 established skeletal markers of what he calls occupational stress.

Knowledge of these markers helps paleontologists re-create the living conditions of thousands of years ago and has become an effective tool of forensic scientists who try to identify the remains of people who died more recently.

Dr. Kennedy's analysis of stress markers will be published next year as part of a book, "Reconstruction of Life from the Skeleton," edited by him and M. Yasar Iscan, an anthropologist at Florida Atlantic University in Boca Raton.

A careful examination of bones can reveal maturation patterns of prehistoric people, nutrition, diseases and age at death. A thickening of cell tissues in the spongy area of bones, for example, is evidence that the bones were trying to produce enormous amounts of red blood cells in response to severe anemia.

A Life's Story Written in Bone

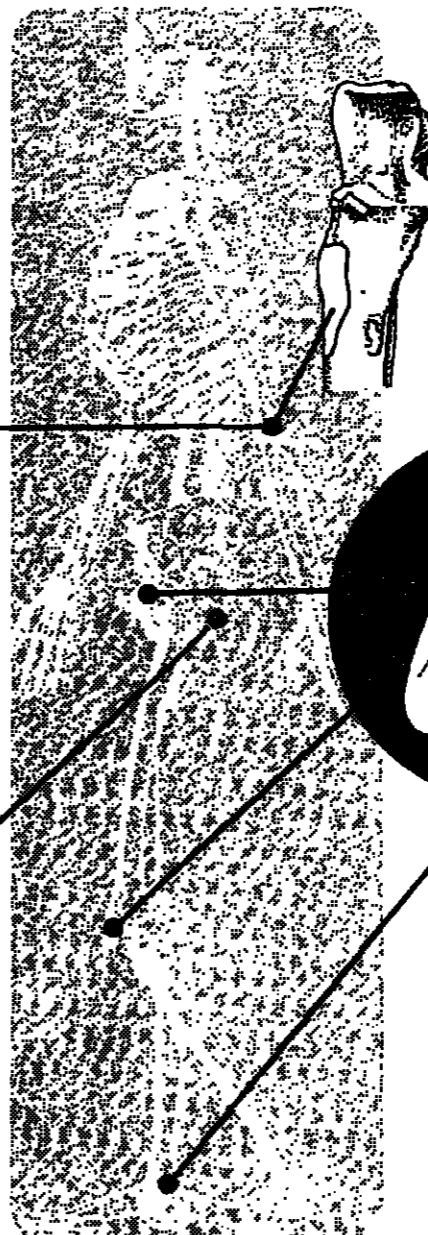
Forensic anthropologists are learning to identify signs of occupational stress in human skeletons. This helps scientists reconstruct the way people lived long ago.



Irregularities have been noted in the upper forearms of Ice Age men who hunted with spears.



Abnormal facets at the base of the spine are linked to pressures of carrying infants, as when African women carry children on their backs.



Enlarged crest on forearm

is the result of habitual throwing. The bony ridge indicates that muscles attached there were abnormally large. Today, similar abnormalities develop in the forearms of baseball pitchers.



A combination of irregular facets and grooves in the hip, near the knee and at the base of the shinbone are marks of people who spent much time squatting instead of sitting. Since these marks are seen in Neanderthal skeletons, those prehistoric ancestors are assumed to have squatted, perhaps by fires.

largement of the ridge indicated that the muscles there were larger than usual, presumably the result of stresses of habitual throwing. He speculated that the man could have been a left-handed baseball pitcher.

In this case, the clue did not lead to an identification of the remains; other police investigations did that, and also turned up the fact that the man had indeed been an amateur softball pitcher for 20 years. Dr. Kennedy was encouraged to believe in the validity of occupation stress markers in forensic anthropology.

Subsequently, he studied the skeletons of Ice Age people found in central India and noted a high incidence of the same hyperdeveloped supinator crests in the right arms of the males, but not in the females.

From this and other studies, Dr. Kennedy concluded in a 1983 report that this was a reliable marker of hunting people who used spears, bolas, slings and boomerangs.

Another clear example of occupational stress on the skeleton was detected in a 3,000-year-old Egyptian mummy. The finger bones of the right hand showed signs that ligaments were attached in a way attributed to flexion of the fingers in a firm grasp, as in the hold on a stylus. This made sense, because the mummy was identified from historical sources as a scribe. And other bones indicated that the man spent much of his life in the cross-legged posture of Egyptian scribes.

Forensic anthropologists conceded that these were easy cases because the behavior of the subjects was already known or later established by other means. But the experience gave them confidence in their analytical techniques.

They also cautioned that, in all cases, other information will be necessary in making positive identifications of a person's activities. For example, a nearly identical bony surface tumor is found in the humerus, the long bone of the upper arm, of javelin-throwing Stone Age Saharans and modern golfers.

A complete and more reliable reconstruction of someone's life must be inferred from ethnographic accounts and archaeological and historical sources, anthropologists said.

Still, with a detailed examination of a skeleton, Dr. Kennedy said he conceivably could identify a clarinet-playing, kayak-paddling baseball pitcher.

British anatomists and surgeons in the late 19th century were among the first to recognize that the skeleton may reveal a broad spectrum of irregularities that could be related to life habits.

In autopsies of workers, they noted a pronounced curvature of the spine toward one side that resulted from a life of carrying heavy loads. They saw evidence of spine curvature and pelvic deformation from long periods of sitting at a weaving loom, combined with poor nutrition.

J. Lawrence Angel, who died last year and who was curator of physical anthropology at the Smithsonian Institution in Washington, awakened interest in recent years in applying the methods to studies of early cultures. He correlated skeletal changes in the pelvis and lower limbs of ancient Greeks to stresses from walking in rough terrain, and identified many diseases that afflicted ancient Aegean people and prehistoric Americans.

Dr. Kennedy became interested a few years ago when the remains

of an unidentified person were brought to Cornell's human biology laboratory. The person had probably frozen to death, and his body was found weeks later, after the snow had melted. The police were seeking help in identifying the body, a typical case for forensic anthropologists.

Examining the skeleton, Dr. Kennedy said he saw the "hyperdevelopment" of the supinator crest on the ulna of the left forearm — the ridge where certain muscles are attached to the bone. An en-

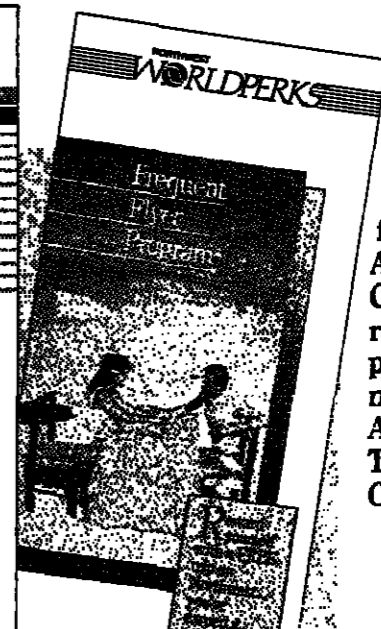
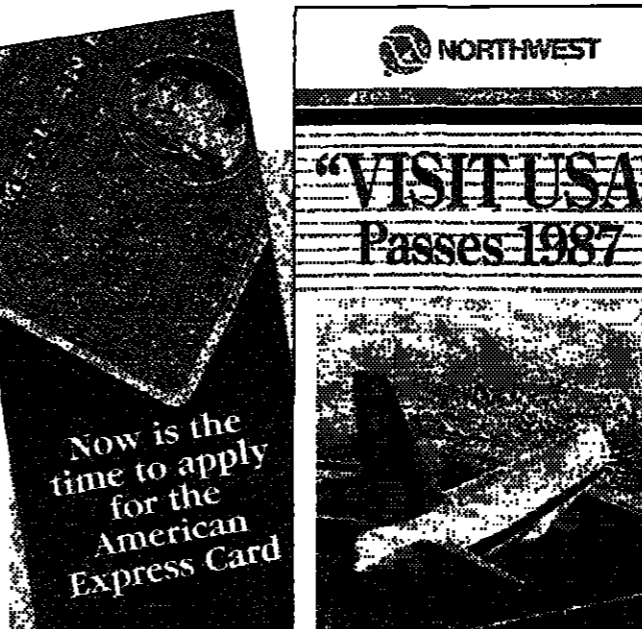
Look who gives you so much more of America.



At London Gatwick and at airports across the USA, there are Northwest "WORLDCLUB" lounges where you can relax in comfort between flights. First Class and Executive Class passengers can use these facilities free of cost on the day of travel. And Northwest is pleased to accept the American Express Card to charge full "WORLDCLUB" membership.



before leaving Europe, can offer valuable fare savings. Travellers from some European countries can also benefit from Northwest's WORLDPERKS free flight plan and "City Package" programme.



Wherever you go in the USA, you'll enjoy the convenience and the greater spending flexibility of the American Express Card, and the reassuring presence of the network of American Express Travel Service Offices.

Northwest Airlink services offer convenient connections to almost 200 cities across America. And Northwest warmly welcomes the American Express® Card for all your ticket charges. On Northwest's Transatlantic 747 and DC10 flights, First Class and Executive Class passengers enjoy the luxury of exclusive Regal Imperial service, including choice of menus, with free wines and drinks, separate check-in, and priority baggage delivery on arrival. And, of course, the American Express Card is the ideal choice for charging in-flight duty-free purchases, and even excess baggage.

Call us! For details of Northwest flights, fares and special promotions in your area, contact your travel agent or any of the following Northwest offices: London (01-629 5353), Amsterdam (020-26 31 61), Athens (01-324 0233), Bahrain (258248), Brussels (02-218 62 62), Copenhagen (01-14 93 99), Dhahran (03-4848342), Dublin (01-717766), Frankfurt (069-23 43 44), Geneva (22-45 29 30), Glasgow (041-226 4175), Helsinki (90-501 056), Jeddah (02-4659470), Johannesburg (011 880-4222), Manchester (061-489 3471), Milan (02-465 952), Moscow (70133), New York (212 30 10), Oyo (02-11 20 10). Or contact any of the American Express Travel Service or Representative Offices at over 1400 locations worldwide.

If you are not yet enjoying the benefits of Cardmembership, pick up an application form from any Northwest office. Look to us. NORTHWEST

NYSE Most Actives table with columns: Vol, High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 a.m. volume, NYSE adv. cons. close, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Wednesdays NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns: High, Low, Close, Chg.

NASDAQ Index table with columns: Close, Chg, Prev.

AMEX Most Actives table with columns: Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Bonds, Utilities, Industrials.

NYSE Diary table with columns: Advanced, Declined, Unchanged, Total Issues.

Odd-Lot Trading in N.Y. table with columns: Buy, Sales, %Prev.

Dow Jones Averages table with columns: Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns: High, Low, Close, Chg.

NASDAQ Diary table with columns: Close, Prev.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices under 'MARKETS: Dow Unchanged, Most Stocks Fall'.

MARKETS: Dow Unchanged, Most Stocks Fall

(Continued from Page 1) the European Community's executive Commission, said that the United States was prepared to let the dollar fall to 1.60 Deutsche marks...

MARKETS: Dow Unchanged, Most Stocks Fall

firm. The British government has said that it would decide on Thursday whether to postpone the offering.

MARKETS: Dow Unchanged, Most Stocks Fall

Any bounce that you're going to see will be followed by a basic downturn," predicted Larry Wachtel, a market strategist and first vice president of Prudential-Bache Securities Inc.

Long Term Security, Short Term Liquidity

Advertisement for Gold Money you can trust with a gold coin image.

Large table of stock prices (continued).

Large table of stock prices (continued).

Large table of stock prices (continued).

Large table of stock prices (continued).

Large table of stock prices (continued).

(Continued on next left-hand page)



ECONOMIC SCENE

U.S. Market Is Learning To Dance to Foreign Tunes

By DAVID E. SANGER
New York Times Service

NEW YORK — For as long as the American economy has dominated the world scene, the New York Stock Exchange has whistled the tune that foreign stock exchanges have followed. In recent days, however, the usual order has sometimes been turned on its head.

A rise or fall on the Tokyo market, or smaller exchanges in London or Hong Kong, appear to have influenced the day's trading on Wall Street. It happened again Tuesday, when early-morning reports of near-record gains in Asia and limited advances in Europe suggested a modest recovery for U.S. markets.

"For days everyone just kept passing the bear market around the time clock," Barton M. Biggs, managing director of Morgan Stanley & Co. said Tuesday. "When Tokyo broke the pattern, it made all the difference."

On Wednesday, in contrast, falls in Tokyo and London presaged a sharp early drop on Wall Street.

If Asian investors and the Tokyo market are increasingly taking a leadership role, it is a curious kind of leadership. American investors appear to be looking to Japan to assess its reaction to American events. The magnitude of the Japanese reaction will then frequently dictate the U.S. market's response.

Such circular behavior has left many investors wondering how to tell the leaders from the followers. The answer lies in reasons as disparate as time changes and technology, overseas investing and foreign financing of the U.S. budget deficit.

In part, the trading impetus follows the sun in a daily global relay race. By the time the New York exchange opens, car and portable radios have been chattering for hours with closing reports in Asia and midday prices in Europe.

And timing can be everything. The Hong Kong exchange is smaller than the Amsterdam exchange, though doubtless a more important indicator of the regional economy. Few hear about trading in the Netherlands because it is largely overshadowed by the near-simultaneous trading in New York and London.

INFLUENCE is also a function of size. Last April, for the first time, Japan's stock market became by some measures bigger than the market in the United States, and the gap has widened significantly in recent days. Ten years ago, few in the United States would have even known how the Tokyo exchange closed.

More importantly, geographical limitations no longer dictate where investors place their money. Until the market collapse, Japanese investors were buying American stocks at an annual rate of \$15 billion to \$20 billion, or five times as much as they purchased in 1986, according to stock exchange estimates. Meanwhile, more and more American investors were active in Tokyo, often trading in the shares of Western companies listed on more than one exchange.

Perhaps the most important linkages between markets, however, are technological and political. Nowadays, traders can move money between markets in a flicker of a computer screen. In New York, such moves often happen between 9:30 A.M. and 10 A.M., the critical first half-hour of trading. At that time, American investors are still plotting their day, European traders are back from lunch and the Japanese have already left overnight instructions.

"The major bulk of the market's movements this year occurred in the first half hour," setting the tone for the day, said Laszlo Birny, manager of equity markets at Salomon Brothers.

The political connections are more subtle. By turning to foreign capital to finance the U.S. budget deficit, the United



A sidewalk preacher outside the New York Stock Exchange.

NYSE's Travails Draw the Curious Crowds of Onlookers Gather for Market 'Deathwatch'

By Eileen V. Quigley
Los Angeles Times Service

NEW YORK — As the New York Stock Exchange strains under heavy trading, visitors from around the United States and the world are packing the streets surrounding the exchange during the shortened trading hours. They are curious to see history in the making, to keep up what one observer called the stock market's "deathwatch."

The area surrounding the exchange has the appearance of a movie set. The streets of the financial district are lined with television vans. Bundles of electrical cables hang the sidewalks and snake up the sides of the exchange building. Onlookers gather outside the exchange's exits, blocking traffic on the narrow, one-way streets.

Mike Dalzell, a financial planner with E.F. Hutton & Co., was standing in line Tuesday during his lunch hour. He said the record 508-point drop on "Black Monday," Oct. 19, had prompted him to

make his first trip to the exchange, and he admitted to having a certain ghoulish curiosity.

"I just wanted to see how busy it is, how crazy it is. It's also a historical event," Mr. Dalzell said. "I'm here just to say we came and saw it and, hopefully, survived."

His companion, Susan Saitow, also a planner at Hutton, said she had been trying to get into the visitors' gallery each day since last week's plunge, but the lines around the outside of the exchange dissuaded her. Finally she decided to grab her lunch from a hotdog stand and wait in line.

Exchange employees have kept the crowds moving quickly and limited their time in the glass-enclosed gallery, so visitors generally waited only 30 to 45 minutes for the chance to peer down to the traders and clerks scurrying from booth to booth on the floor of the exchange. New York Stock Exchange officials estimated that they are seeing 20 percent to 30 percent more visitors than usual.

U.K. Government's Sale of BP Shares Is a Flop

Warren Geller
International Herald Tribune

LONDON — The British government's £7.2 billion (\$12 billion) offering of shares in British Petroleum Co. became a stunning flop Wednesday, when it emerged that investors had turned their backs on the issue.

Because of the sharp slide in BP's share price in line with the past week's collapse of international markets, the failure of the issue had been widely expected.

BP's share price closed at 256 pence Wednesday in unofficial trading in London, a discount of 74 pence to the 330 pence per share offer price that was set two weeks ago.

By the official close of the offer Wednesday morning, an estimated 200,000 to 300,000 applications for shares had been received. That con-

trasts with the more than 6.25 million requests for prospectuses on the sale. The government, which is now weighing whether to cancel or postpone the issue, had hoped to attract up to 5 million public subscribers to the issue.

Unless the government decides on cancellation, British and overseas underwriters will be forced to take up the shares at a loss of up to £1 billion.

Nigel Lawson, Britain's chancellor of the Exchequer, said that he will announce a decision by Thursday whether to proceed with the sale. A decision needs to be taken by Friday, when official trading in the shares begins on the London Stock Exchange.

Despite efforts by representatives of the offer's 17 prime British underwriters to persuade the British Treasury to cancel, the consen-

sus among analysts is that the issue will go ahead.

As one senior oil analyst at a London brokerage said: "Opinion among analysts here is that it will go ahead because it's difficult to imagine the underwriters producing a sufficiently compelling argument to persuade the chancellor to accept the political damage that would follow. That is, from being seen to bail out City and overseas underwriters."

"To pull out now would set a dangerous precedent on underwriting — a fall in stock markets is exactly what one underwrites, no matter how steep the fall," said the analyst, who spoke on condition that he not be identified.

There was speculation Wednesday that BP's management had asked Mr. Lawson to cancel the sale for fear that the issue would

severely depress BP's share price for months, if not years.

BP is issuing 1.5 billion new shares to the government as part of the overall £7.2 billion offer. If the offer is canceled, the placement of those shares with the government will not proceed, thereby depriving the company of funds earmarked for corporate expansion.

A BP spokesman said he could not comment on speculation about the company's alleged urging of a government cancellation of the offer.

But the spokesman acknowledged that BP's chairman, Sir Peter Walters, had met recently with Mr. Lawson to discuss the sale, which was to have been the biggest yet under Prime Minister Margaret Thatcher's ambitious program to sell off state companies and make shareholders of millions of Britons.

Stocks Slide in Europe, Pulled Down by Dollar

Compiled by Our Staff From Dispatches

PARIS — European stock markets took a beating on Wednesday, as renewed worries about the effect of the plunging dollar on the world economy dissolved the fragile rally of the day before.

Share prices fell by near-record amounts in several cities, and companies with strong business ties with the United States fared especially poorly.

Early in the day most attention was focused on the dollar. The U.S. currency slid below 1.75 West German Deutsche marks and 139 Japanese yen and only coordinated buying by the U.S., Japanese, West German, British, Swiss and Italian central banks kept it from sliding further, dealers said.

Attention shifted in the European afternoon to Wall Street, where trading was just getting under way. But the first activity there — a 65 point drop in the Dow Jones industrial average within the first 30 minutes of trading — only added to the queasiness of investors in Europe, and share prices in London, Paris and Frankfurt plunged to their lows of the day.

In London, shares lurched sharply lower in midmorning from an already depressed start as worries about the falling dollar triggered another wave of nervous selling, dealers said.

Within 90 minutes of the opening of the FTSE 100-share index was down 73.9 points, or 4.3 percent, from Tuesday's finish, and after Wall Street opened the FTSE hit its day's low, down 105 points. That put the index below the 1,000 level, which had not been breached since last November.

But traders said that buyers moved into the market after this, and the FTSE closed at 1,658.40, down 44.9 points, or 2.6 percent, for the day. On Tuesday it gained 19.2 points, or 1.14 percent.

Money market dealers said speculation was strong that the British government would soon stimulate another half-point cut in base rates to underpin the stock market. Last



A cluster of Swiss peering Wednesday at world stock prices displayed in a Zurich bank window. The Zurich market fell.

Friday, British clearing banks cut their lending rates by one-half point to 9.5 percent.

In Paris, the all-share Bourse indicator fell 9.7 percent, matching the record fall on Oct. 19, which the French press has dubbed "Bloody Monday."

Share prices opened sharply lower, with the house indicator sliding 7.44 percent on heavy speculative selling.

Dealers said prices were being pulled downwards by the dollar and the declines on Wall Street. The Bourse indicator had edged up

See EUROPE, Page 14

West German Police Expand Currency Inquiry at VW

BRAUNSCHWEIG, West Germany — A state prosecutor's office said Wednesday it is investigating further possible illegal currency transactions by bank and Volkswagen AG employees, in addition to a fraud that cost VW 473 million Deutsche marks (\$270 million).

VW suffered more losses than those uncovered last March, the weekly magazine Stern has reported. It said VW currency dealers had skimmed profits of more than 10 million DM. A spokesman for the Lower Saxony prosecutor said he could not confirm the details of the article but said the investigation into the fraud was ongoing.

In separate report from VW's headquarters in Wolfsburg, the company said Wednesday that it had canceled a presentation to bankers scheduled for next Monday. The move comes amid speculation that the Bonn government's decision to sell its 16 percent holding in the automaker may be delayed.

In recent days, VW's stock has fallen sharply. The shares closed at 288 DM Wednesday, off 21 DM on the day, reducing the value of Bonn's holding to 1.38 billion DM. It was 1.75 billion on Oct. 16.

West German press reports have said the presentation, which would have been made at Dresdner Bank AG in Frankfurt, was a prelude to the government's sale of its stake in VW to private investors.

Currency Rates

Table with columns for currency types (Cross Rates, Other Dollar Values, Forward Rates) and various international rates.

Source: Reuters, Bank of America, Citicorp, etc.

Interest Rates

Table showing interest rates for various currencies and terms (1 month, 3 months, 6 months, 1 year).

Key Money Rates

Table showing key money rates for different currencies and terms.

Asian Dollar Deposits

Table showing Asian dollar deposits for various banks and terms.

U.S. Money Market Funds

Table showing U.S. money market funds and their yields.

Gold

Table showing gold prices in various locations and currencies.

U.K. Mulls Capital Standard For Foreign Securities Firms

LONDON — Foreign companies that operate securities businesses in Britain would be required for the first time to set aside a specific amount of capital to compensate investors in case of bankruptcy, under a draft proposal.

Under the proposal by the Securities and Investments Board, higher capital requirements would be set for firms whose parent companies are subject to less rigorous supervision in their home countries. Banking sources said that Japanese firms might be hit particularly hard if the draft rules were approved.

The concern with capital adequacy has preoccupied British regulators, who are fearful about damage to London's financial markets and the world banking community should a major bank collapse.

Capital adequacy rules are aimed at ensuring that firms do not take on greater risk than they can handle. If a firm incurs deep losses as a result of its securities business, a minimum of capital ensures that there will be at least enough funds to pay off creditors and investors.

No capital adequacy rules now exist for foreign firms in Britain. Regulators believe that allowing such firms to operate without those standards gives them a competitive advantage over U.K. institutions.

Rules applying to British banks and securities firms already have been proposed publicly, and a final draft is being prepared.

According to the Bank of England, branches of foreign securities firms would be covered by the new rules, as well as 254 foreign banks operating in Britain.

Any foreign-owned bank involved in more than minimal securities activities would have to set aside capital in a separate account to be recorded on the books of the parent institution. The minimum capital required would be the total of the investment position, risk requirements of counterparties and the fixed assets of the British branch itself.

For banks in the securities business whose home-country supervision is inadequate by British standards or whose supervisor refuse to share information with the Bank of England, the proposed requirements are much stiffer.

Each branch would be required to post a deposit or a performance bond in Britain that at least exceeds its liabilities to investors, other business customers and professional counterparties, the draft proposal says.

The Securities and Investment Board noted in the draft that some of the firms affected by the rules might wish to incorporate in Britain in order to avoid the hefty capital requirements.

Continental Illinois Announces Restructuring

CHICAGO — Continental Illinois Corp. said Wednesday it will sell several of its international operations, all of its Chicago-area community banks, and leave the municipal securities business.

The announcement of the restructuring plan followed the House Telecommunications and Finance subcommittee announcement Tuesday that it would investigate allegedly improper loans made by Continental to bail out its First Options of Chicago subsidiary.

The options-clearing firm, bought last year by Continental for \$135 million, was badly hit during last week's stock market collapse.

Continental acknowledged exceeding loan limits to First Options and signed an agreement with the federal comptroller promising to prevent any recurrence. The amount of the loans was not disclosed.

On Monday, Continental said it may post a moderate fourth-quarter loss because of a \$90 million loss at First Options.

Continental declined comment on the investigation, but a spokesman for the bank holding company said that developments with First Options had no bearing on the bank's long-range plans.

The company said its new corporate strategy calls for it to redeploy assets and manpower to sharpen its

focus on serving business customers in four areas: corporate finance, risk management, market making, and transaction support.

The number of people to be relocated or cut from the payroll, and upon our already strong capital with the goals of maximizing earnings for our shareholders and ensuring broad public ownership of our stock in the future," Mr. Theobald said.

The bank holding company plans to sell some international operations and its Chicago-area community banks, and leave the municipal securities field. The aim is to sharpen the focus on business customers.

The amount of savings to be achieved, has not been determined, Continental said.

The bank, with eight overseas offices and 14 foreign branches prior to Monday's board meeting, said it would sell operations in Brussels, Madrid, Seoul and Taipei.

The new chairman of bank, Thomas C. Theobald, who came to Continental in August after serving 27 years at Citicorp, spent two months developing the strategy, the company said.

Mr. Theobald said in a statement that Continental would be a customer-focused business bank.

"The new strategy will offer Continental greater revenue potential, a stronger asset-liability structure and the means to improve

the company's board Monday. Continental bought two suburban Chicago banks in 1982 and three last year, and was buying a sixth this year.

In moving to sell them, Mr. Theobald is reversing the direction set out by his predecessors, John E. Swearingin and William S. Ogden, who as co-chairmen tried to broaden the firm's retail base in an effort to cut its reliance on interest income from loans to industries.

Mr. Swearingin, as chairman of the parent company, and Mr. Ogden, as chairman of its primary subsidiary, Continental Illinois and National Bank & Trust Co. of Chicago, were selected by the federal government to help pull the bank back from the edge of bankruptcy in 1984. The government that year rescued the bank with a \$4.5 billion injection of funds.

A Continental spokesman said the Federal Deposit Insurance Corp., which monitored the rescue of Continental, has seen Mr. Theobald's new strategy, but is not required to approve it under the terms of the rescue plan.

(Reuters, AP)

Hutton (France) advertisement: is pleased to announce the transfer of its offices on November 2nd 1987 from 43 Avenue Marceau to 8, Rue Bellini - 75116 PARIS. Tel: (1) 47 27 20 21. Telex: 640013 - Telefax: 47 27 04 71.

THORNTON INTERNATIONAL OPPORTUNITIES FUND advertisement: (formerly The Establishment Trust) Investment Company with Variable Capital. 43, boulevard Royal, Luxembourg. R.C. Luxembourg B 21.743.

CORUM advertisement: An exclusive creation of watchmaking art. In Rome MARTINI. Via Fratini 33 Tel. 67 92 862. And at the finest jewellers in the world. For information, write to: Corum, rue du Petit-Château, 2300 La Chaux-de-Fonds, Switzerland.

Wednesdays NYSE Closing

Tables include the nationwide prices to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

Table with columns: 12 Month High, Low, Div. Yld. PE, etc. for various stocks.

U.S. Futures

Via The Associated Press

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various futures.

Food

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various food futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various food futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various food futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various food futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various food futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various food futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various food futures.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various food futures.

BRITISH POUND (IMM)

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various currencies.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various currencies.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various currencies.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various currencies.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various currencies.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various currencies.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various currencies.

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. for various currencies.

Geneva Bourse Moves Ahead on Expansion

GENEVA — The Geneva Bourse has decided to go ahead with plans to expand, despite the tumbling prices that have affected it along with other stock markets, its director has said.

The bourse's 80 members decided to go ahead at a special meeting Monday evening.

Mr. Schenwey said a second-tier market for shares in small and medium-sized Swiss and foreign companies, could start operating by the end of the year.

Members of the exchange are to round up companies, initially just Swiss firms, with a capitalization of at least 1 million Swiss francs (\$650,000). They must want to issue at least 10 percent of their capital in shares.

Since Wall Street was rocked on Oct. 19, the Swiss share market, based on the Zurich, Geneva and Basel exchanges, has plunged by almost 25 percent.

Henley Boosts Stake In Santa Fe Southern

LA JOLLA, California — Henley Group Inc., whose efforts to acquire a portion of Santa Fe Southern Pacific Corp. collapsed earlier this month, said Wednesday that it had increased its stake in the transportation and natural resources company to 14.1 percent, from 5 percent.

Henley, which has received federal approval to buy up to 24.9 percent of Santa Fe Southern, increased its holdings as Wall Street's crash sharply reduced stock prices.

PERSONAL INVESTING

IN THE HEAT OF THE SECOND MONDAY OF EACH MONTH, EDITED FOR THE SOPHISTICATED INVESTOR — AN ESSENTIAL GUIDE TO OPPORTUNITIES AND PITFALLS — WORLDWIDE

Paris Commodities, London Commodities, Dividends, Japan Is Willing To Act if Growth Falter in U.S., S&P 100 Index Options, London Metals, Spot Commodities, U.S. Treasuries

Putting the world's financial markets in perspective.

On October 19th, investor uncertainty abruptly caused unprecedented decline in worldwide equity markets.

The massive selloff was not caused by any one particular event, and there is no evidence that it was justified by the fundamental values of the shares being sold.

Buy, sell or hold?

The worst thing to do right now would be to sell your equities at distressed prices.

It's crucial at this point to get your bearings in today's totally new environment, and decide upon a rational and prudent course of action.

It is also correct to say that this giant excess of selling has created a large number of bargains in very good shares. But before seeking them out it makes sense to take a good, careful look around. Individual equity selection and fundamental research are critical at this time.

What will happen next?

Some historical perspective: One of the reasons for our optimism at Merrill Lynch is the magnitude of the decline we've just been through. Some of the worst declines in history have not exceeded 50% in the initial selloff. Even those that were followed by poor economic fundamentals recovered as much as 50% of the losses in subsequent months.

Merrill Lynch analysts believe the extent and speed of the ultimate recovery depend on such economic fundamentals as the stability of world currencies, the interest rate outlook, the degree of inflation and investor psychology.

A better environment ahead.

The fundamentals of the U. S. economy may be called into question, but we believe that the world markets are overreacting to events. Also, we believe a broad-based economic decline will be avoided, even as the consumer becomes somewhat more cautious.

It cannot be said too strongly or too often: However severe this shock has been, this is no time to sell.

In fact it is time to take advantage of opportunities—to evaluate your holdings, and perhaps, restructure your portfolio.

Exploring the opportunities.

Restructuring your portfolio is at best a difficult undertaking. How you do it depends on your goals and tolerance for risk as well as on your current holdings and your tax situation.

In addition, at Merrill Lynch, we believe that this is the time for thinking longer term. And such thinking will require a good deal more alertness and more insightful professional advice than in the past.

As recent events have demonstrated, today an investor must know not only what is happening at home but around the world.

It's no time to go it alone.

At times like these, it's more important than ever to have continuing access to the kind of information and insight that can help you pursue the opportunities that uncertainty creates.

For our part, our Financial Consultants continue to offer reassurance of our financial strength, our proud tradition of trustworthiness and our leadership in providing professional guidance and service.

At Merrill Lynch, we remain confident in the world's financial markets, and in the underlying value of financial assets in this climate.

We recognize that emotions run high during times like these. However, it is critical that reason and objectivity prevail now more than ever.

We urge all investors to take no action out of fear, and to make careful and thoughtful decisions before taking any action at all.

Whatever volatility we face in the days ahead, we are committed to demonstrate to you the highest degree of professionalism and service. We urge you to take a long-term view and prepare yourself to participate in the opportunities we see ahead in the global financial markets.

For more information, contact any of our offices in the following cities:

EUROPE

Amsterdam • Athens • Brussels • Duesseldorf • Frankfurt • Geneva • Hamburg • London • Lugano • Luxembourg • Madrid • Milan • Monte Carlo • Munich • Paris • Rome • Stuttgart • Vienna • Zurich

MIDDLE EAST

Bahrain • Beirut • Dubai • Kuwait

ASIA/PACIFIC

Hong Kong • Manila • Nagoya • Osaka • Singapore • Sydney • Tokyo

AMERICAS

Buenos Aires • Caracas • Miami • Montevideo • New York • Panama City • Santiago • Sao Paulo



Merrill Lynch

MARKETS IN TURMOIL: Dollar's sharp drop triggers further plunges on world stock exchanges

Tokyo Shares Decline; Hong Kong Rally Ends

Nikkei Falls 257, Led by Export Stocks

Compiled by Our Staff From Dispatches TOKYO — Share prices weakened Wednesday in Tokyo, sending the Nikkei stock average 257.43 points lower...

Battered Sydney Rebounds to a Record Gain

SYDNEY — Australia's ravaged stock market rallied Wednesday for the first time in four trading sessions...

Colony Takes A Hard Look At Its Market

HONG KONG — The rally on Hong Kong's share market ended abruptly Wednesday as the main market indicator careened 250 points higher...



OUTCRY DOWN UNDER — Floor traders on the Sydney exchange cry out orders for shares as prices recovered Wednesday. The Australian market had suffered some of the world's heaviest losses in recent days.

Paris Delays Trading in Suez Shares

By Jacques Necher Special in the Herald Tribune PARIS — Finance Minister Edouard Balladur reversed himself Wednesday by postponing the first trading of Compagnie Financière de Suez...

TSB Pursues Hill Samuel Deal Despite Shares' Fall

LONDON — TSB Group PLC's £777 million (\$1.33 billion) takeover of Hill Samuel Group PLC is going ahead...

Mr. Watson said he did not expect problems to arise from the shareholders, who are to vote on the takeover at a meeting Monday.

The 7.4 percent drop in Hill Samuel's share price between Oct. 15 and 27 compares with 68 percent for S.G. Warburg Group PLC...

Mr. Balladur acknowledged that Wednesday's market plunge pulled the average price of the 10 companies privatized in the past year by the French government to 3.9 percent below their average initial issue price.

EUROPE: Another Bloody Day

(Continued from first finance page) 1.2 percent on Tuesday after falling 8.05 percent the day before. Fears of an even weaker dollar further depressed securities and operators predicted that the wild up and down of recent weeks would continue until the U.S. government took specific measures to narrow the huge federal budget deficit.

"The massacre continues," one dealer said. He added that foreigners and institutional investors were major sellers. "West German bourses have become a dustbin for foreign holders of German shares," said one dealer with a German bank.

Monday's record plunge of 1,120.70 points, representing 33 percent of share value, came after a four-day trading halt that had locked Hong Kong shareholders into their investments and triggered criticism of the market's overseers.

Fokker Shares Fall On Planned Issue

AMSTERDAM — Stock in the Dutch aircraft maker Fokker NV plunged Wednesday as trading resumed after news that the company planned a rights issue at 20 guilders (\$10.01) per share.

Merc Under Siege: Chairman Defends His Market

Two years ago, Leo Melamed, chairman of the executive committee of the Chicago Mercantile Exchange and unofficial ambassador from the realm of stock index futures, was riding high. At a Merc cocktail party, Mr. Melamed waved a newspaper editorial that said stock index futures were not the main cause of unusual market moves.

Q. You sound like you're building your argument against those who would accuse the Merc of being part of the problem because of program trading.

A. Everybody knows that the problem was program trading. It was a conspiracy of computers. I can't believe grown men would buy this. They are saying that we have all of this modern technology, but you're not supposed to use it.

Republic National Bank of New York Consolidated Statement of Condition (in Thousands) September 30, 1987 and 1986. Assets: Cash and demand accounts \$252,468; Interest-bearing deposits with banks 7,114,834; Short-term tax exempt investments 52,489; Precious metals 2,978,141; Trading account assets 251,841; Federal funds sold and securities purchased under agreements to resell 439,623; Loans, net of unearned income 4,047,590; Allowance for possible loan losses (212,455); Loans (net) 3,835,135; Customers liability under acceptances 2,243,341; Premises and equipment 323,884; Accrued interest receivable 228,452; Other assets 407,716; Total assets \$18,128,926.

Floating-Rate Notes table with columns for Issuer/Note, Coupon, Maturity, Bid, and Ask prices. Includes sections for Dollars, Deutsche Marks, Japanese Yen, and Pounds Sterling.

GLOBAL: Markets' Interreaction

Continued from first finance page)
Paris Delors... Trading... Suez Share...
has lost some economic power over its own policies...

exchanges last week was unfounded.
The fact that the United States suffers from its twin deficits and rapidly growing foreign indebtedness...

TAXES: Should U.S. Raise Them?

(Continued from Page 1)
Massachusetts Institute of Technology, who last week was awarded the Nobel Memorial Prize in Economic Science...

pressure and the nation is suffering from a huge deficit in its balance of trade and payments.
If U.S. interest rates are to be brought down, without sending the dollar into a free fall, it will require the cooperation of the other industrial countries...

EC Publishes Plans to End Currency Controls

STRASBOURG, France — The European Community's executive commission on Wednesday published proposals to eliminate exchange controls in the community.
Under the plan, the 12 member states would lift all controls on capital movements by the end of 1992...

At Quantum Fund, a Top Money Manager Takes His Losses Philosophically

By Albert Scardino
New York Times Service
NEW YORK — George Soros, one of the most successful mutual fund operators of his generation, thinks of himself more as a philosopher than a money manager...

according to Lipper Analytical Services Inc., a research organization that tracks mutual funds.
This year could be the second.
Since the market started its decline in late August, the Quantum Fund has lost more than 30 percent of its value...

as the prince of the global village theory of investing.
To Wall Street insiders, Mr. Soros embodied the bull market of the 1980s. Using a broad understanding of international financial trends, he played the markets in Tokyo, London and New York...

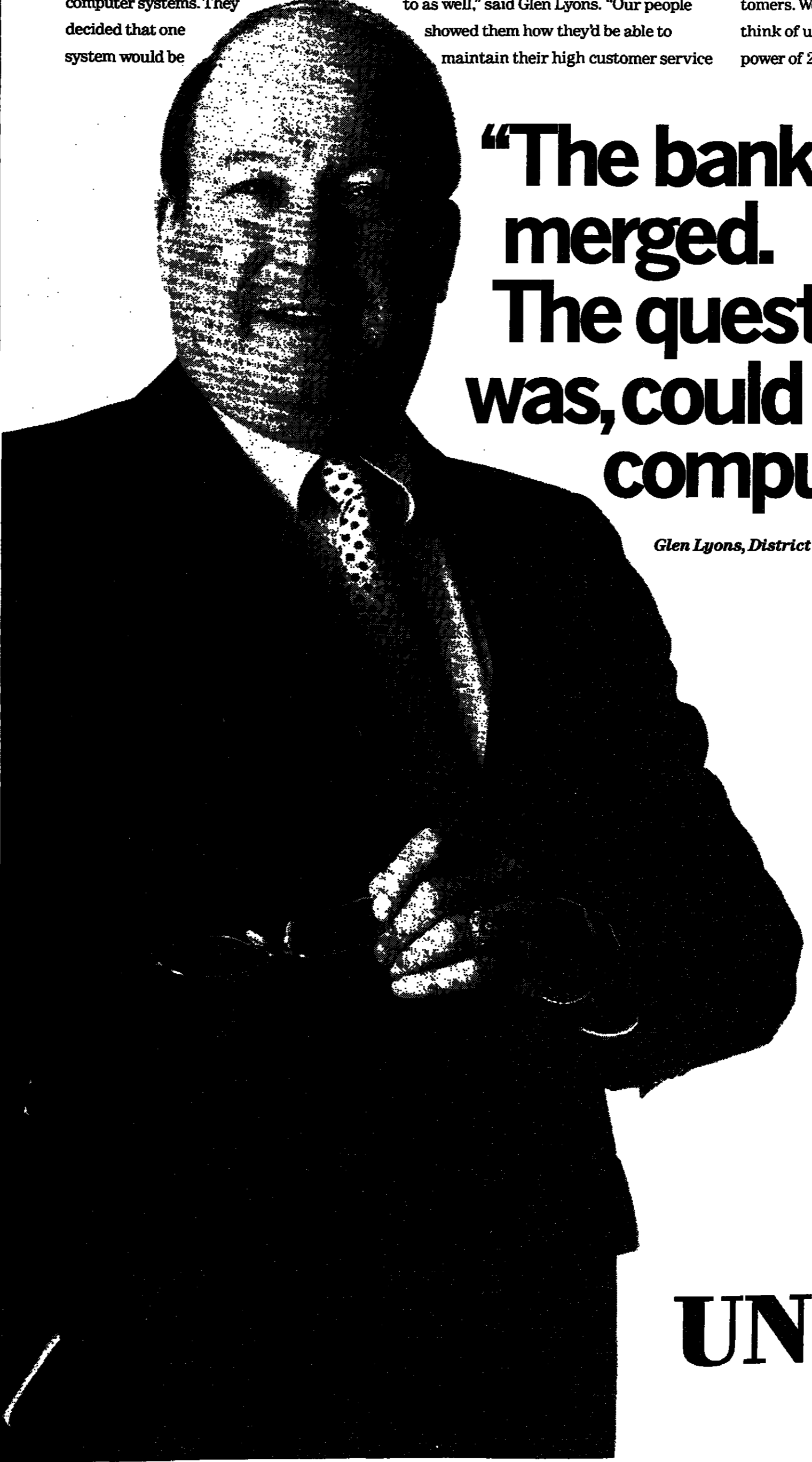
vision. His first book, "The Alchemy of Finance," landed in the market last summer a few weeks before stocks — and his mutual fund — reached their all-time peak.
With his none-100-original theory that people, with their biases and dreams, move markets, Mr. Soros emerged as this year's philosopher of Wall Street.

recent woes — that the market could climb much higher than its August peak. It would be carried aloft on the sheer enthusiasm of investors.
As far as Mr. Soros is concerned, the crack came two weeks ago, when Robert R. Prechter, the popular market forecaster who had run at the front of the herd of bulls for five years, reversed course in mid-September and warned his clients to pull out of the market.

MERGING two large banks can produce significant economies of scale. It can also produce significant programming headaches if the two have different computer systems.
When the Bank of Virginia, a 22-year Unisys customer, merged with a Maryland bank to form Signet, the banks had to decide how to use two very different computer systems. They decided that one system would be

assigned to the new organization's retail business, and the other system to the commercial business.
Since Signet is strongly customer-oriented the big question was, whose equipment would be assigned to handle the retail business?
"The bank has always cared a lot about their retail customers, and they expect us to as well," said Glen Lyons. "Our people showed them how they'd be able to maintain their high customer service

standards, even with 90 new branches, without any interruption of service.
They knew that we could do it. The bank has grown fast for many years, and Unisys has always kept pace with them. And Signet has never had to rewrite their software.
It's been real rewarding to work with bankers who care so much about their customers. We work with them so closely, they think of us as family now. That's really the power of 2."



"The banks merged. The question was, could their computers?"

Glen Lyons, District Manager, Unisys.

UNISYS
The power of 2

Quibble Compulsion
Some analysts try so hard to pick market tops that they can't get out of a bearish mode long enough to see the powerful upward trends that are developing in emerging industries.
While they quibble about downside Dow targets, we keep identifying stocks we feel can quadruple. You'll find projections in weekly reports that are available with our compliments if you'll write, phone or fax.
Indigo is not a licensed broker.
Indigo
1000 West 1st Street, Suite 403,
Torrance, Calif. 90501
Telephone 34-57-382680 - Telex 73422.

Wednesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
130	125	ABN	3.2	130	125	127	+
135	130	ABM	3.5	135	130	132	+
140	135	ABX	3.8	140	135	138	+
145	140	ABY	4.1	145	140	142	+
150	145	ABZ	4.4	150	145	148	+
155	150	ABA	4.7	155	150	152	+
160	155	ABB	5.0	160	155	158	+
165	160	ABC	5.3	165	160	162	+
170	165	ABD	5.6	170	165	168	+
175	170	ABE	5.9	175	170	172	+
180	175	ABF	6.2	180	175	178	+
185	180	ABG	6.5	185	180	182	+
190	185	ABH	6.8	190	185	188	+
195	190	ABI	7.1	195	190	192	+
200	195	ABJ	7.4	200	195	198	+
205	200	ABK	7.7	205	200	202	+
210	205	ABL	8.0	210	205	208	+
215	210	ABM	8.3	215	210	212	+
220	215	ABN	8.6	220	215	218	+
225	220	ABO	8.9	225	220	222	+
230	225	ABP	9.2	230	225	228	+
235	230	ABQ	9.5	235	230	232	+
240	235	ABR	9.8	240	235	238	+
245	240	ABS	10.1	245	240	242	+
250	245	ABT	10.4	250	245	248	+
255	250	ABU	10.7	255	250	252	+
260	255	ABV	11.0	260	255	258	+
265	260	ABW	11.3	265	260	262	+
270	265	ABX	11.6	270	265	268	+
275	270	ABY	11.9	275	270	272	+
280	275	ABZ	12.2	280	275	278	+
285	280	ABA	12.5	285	280	282	+
290	285	ABB	12.8	290	285	288	+
295	290	ABC	13.1	295	290	292	+
300	295	ABD	13.4	300	295	298	+
305	300	ABE	13.7	305	300	302	+
310	305	ABF	14.0	310	305	308	+
315	310	ABG	14.3	315	310	312	+
320	315	ABH	14.6	320	315	318	+
325	320	ABI	14.9	325	320	322	+
330	325	ABJ	15.2	330	325	328	+
335	330	ABK	15.5	335	330	332	+
340	335	ABL	15.8	340	335	338	+
345	340	ABM	16.1	345	340	342	+
350	345	ABN	16.4	350	345	348	+
355	350	ABO	16.7	355	350	352	+
360	355	ABP	17.0	360	355	358	+
365	360	ABQ	17.3	365	360	362	+
370	365	ABR	17.6	370	365	368	+
375	370	ABS	17.9	375	370	372	+
380	375	ABT	18.2	380	375	378	+
385	380	ABU	18.5	385	380	382	+
390	385	ABV	18.8	390	385	388	+
395	390	ABW	19.1	395	390	392	+
400	395	ABX	19.4	400	395	398	+
405	400	ABY	19.7	405	400	402	+
410	405	ABZ	20.0	410	405	408	+
415	410	ABA	20.3	415	410	412	+
420	415	ABB	20.6	420	415	418	+
425	420	ABC	20.9	425	420	422	+
430	425	ABD	21.2	430	425	428	+
435	430	ABE	21.5	435	430	432	+
440	435	ABF	21.8	440	435	438	+
445	440	ABG	22.1	445	440	442	+
450	445	ABH	22.4	450	445	448	+
455	450	ABI	22.7	455	450	452	+
460	455	ABJ	23.0	460	455	458	+
465	460	ABK	23.3	465	460	462	+
470	465	ABL	23.6	470	465	468	+
475	470	ABM	23.9	475	470	472	+
480	475	ABN	24.2	480	475	478	+
485	480	ABO	24.5	485	480	482	+
490	485	ABP	24.8	490	485	488	+
495	490	ABQ	25.1	495	490	492	+
500	495	ABR	25.4	500	495	498	+
505	500	ABS	25.7	505	500	502	+
510	505	ABT	26.0	510	505	508	+
515	510	ABU	26.3	515	510	512	+
520	515	ABV	26.6	520	515	518	+
525	520	ABW	26.9	525	520	522	+
530	525	ABX	27.2	530	525	528	+
535	530	ABY	27.5	535	530	532	+
540	535	ABZ	27.8	540	535	538	+
545	540	ABA	28.1	545	540	542	+
550	545	ABB	28.4	550	545	548	+
555	550	ABC	28.7	555	550	552	+
560	555	ABD	29.0	560	555	558	+
565	560	ABE	29.3	565	560	562	+
570	565	ABF	29.6	570	565	568	+
575	570	ABG	29.9	575	570	572	+
580	575	ABH	30.2	580	575	578	+
585	580	ABI	30.5	585	580	582	+
590	585	ABJ	30.8	590	585	588	+
595	590	ABK	31.1	595	590	592	+
600	595	ABL	31.4	600	595	598	+
605	600	ABM	31.7	605	600	602	+
610	605	ABN	32.0	610	605	608	+
615	610	ABO	32.3	615	610	612	+
620	615	ABP	32.6	620	615	618	+
625	620	ABQ	32.9	625	620	622	+
630	625	ABR	33.2	630	625	628	+
635	630	ABS	33.5	635	630	632	+
640	635	ABT	33.8	640	635	638	+
645	640	ABU	34.1	645	640	642	+
650	645	ABV	34.4	650	645	648	+
655	650	ABW	34.7	655	650	652	+
660	655	ABX	35.0	660	655	658	+
665	660	ABY	35.3	665	660	662	+
670	665	ABZ	35.6	670	665	668	+
675	670	ABA	35.9	675	670	672	+
680	675	ABB	36.2	680	675	678	+
685	680	ABC	36.5	685	680	682	+
690	685	ABD	36.8	690	685	688	+
695	690	ABE	37.1	695	690	692	+
700	695	ABF	37.4	700	695	698	+
705	700	ABG	37.7	705	700	702	+
710	705	ABH	38.0	710	705	708	+
715	710	ABI	38.3	715	710	712	+
720	715	ABJ	38.6	720	715	718	+
725	720	ABK	38.9	725	720	722	+
730	725	ABL	39.2	730	725	728	+
735	730	ABM	39.5	735	730	732	+
740	735	ABN	39.8	740	735	738	+
745	740	ABO	40.1	745	740	742	+
750	745	ABP	40.4	750	745	748	+
755	750	ABQ	40.7	755	750	752	+
760	755	ABR	41.0	760	755	758	+
765	760	ABS	41.3	765	760	762	+
770	765	ABT	41.6	770	765	768	+
775	770	ABU	41.9	775	770	772	+
780	775	ABV	42.2	780	775	778	+
785	780	ABW	42.5	785	780	782	+
790	785	ABX	42.8	790	785	788	+
795	790	ABY	43.1	795	790	792	+
800	795	ABZ	43.4	800	795	798	+
805	800	ABA	43.7	805	800	802	+
810	805	ABB	44.0	810	805	808	+
815	810	ABC	44.3	815	810	812	+
820	815	ABD	44.6	820	815	818	+
825	820	ABE	44.9	825	820	822	+
830	825	ABF	45.2	830	825	828	+
835	830	ABG	45.5	835	830	832	+
840	835	ABH	45.8	840	835	838	+
845	840	ABI	46.1	845	840	842	+
850	845	ABJ	46.4	850	845	848	+
855	850	ABK	46.7	855	850	852	+
860	855	ABL	47.0	860	855	858	+
865	860	ABM	47.3	865	860	862	+
870	865	ABN	47.6	870	865	868	+
875	870	ABO	47.9	875	870	872	+
880	875	ABP	48.2	880	875	878	+
885	880	ABQ	48.5	885	880	882	+
890	885	ABR	48.8	890	885	888	+
895	890	ABS	49.1	895	890	892	+
900	895	ABT	49.4	900	895	898	+
905	900	ABU	49.7	905	900	902	+
910	905	ABV	50.0	910	905	908	+
915	910	ABW	50.3	915	910	912	+
920	915	ABX	50.6	920	915	918	+
925	920	ABY	50.9	925	920	922	+
930	925	ABZ	51.2	930	925	928	+
935	930	ABA	51.5	935	930	932	+
940	935	ABB	51.8	940	935	938	+
945	940	ABC	52.1	945	940	942	+
950	945	ABD	52.4	950	945	948	+
955	950	ABE	52.7	955	950	952	+
960	955	ABF	53.0	960	955	958	+
965	960	ABG	53.3	965	960	962	+
970	965	ABH	53.6	970	965	968	+
975	970	ABI	53.9	975	970	972	+
980	975	ABJ	54.2	980	975	978	+
985	980	ABK	54.5	985	980	982	+
990	985	ABL	54.8	990	985	988	+
995	990	ABM	55.1	995	990	992	+
1000	995	ABN	55.4	1000	995	998	+

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
100	95	ABO	5.5	100	95	97	+
105	100	ABP	5.8	105	100	102	+
110	105	ABQ	6.1	110	105	108	+
115	110	ABR	6.4	115	110	112	+
120	115	ABS	6.7	120	115	118	+
125	120	ABT	7.0	125	120	122	+
130	125	ABU	7.3	130	125	128	+
135	130	ABV</					

MARKETS IN TURMOIL: Dollar tumbles to new lows

DOLLAR: Central Banks Intervene to Control Its Slide

(Continued from Page 1)

ding in Tokyo, when the dollar fell below 1.7470 DM. The organized dollar buying continued intermittently during Asian, European and U.S. trading.

Table with 3 columns: Country, Rate, and Source. Includes London Dollar Rates for Deutsche mark, Pound sterling, Japanese yen, Swiss franc, and French franc.

Market sources described the intervention by the central banks of United States, West Germany, France, Switzerland, Japan, Britain, Italy and the Netherlands as massive and "sustained," but they were hard pressed to put an estimate on the total purchases.

threat that such a plunge poses to world economic stability. The dollar simply has to move lower and this is a massive, coordinated attempt to make the decline as orderly as possible and to cushion the other financial markets from the negative effects of the stock collapse by pouring in liquidity," said David Jones, an international economist with Aubrey G. Lanston & Co. in New York.

"The central banks are going to save the world from global depression by refloating it," he said. "There is no happy medium."

"The Bundesbank and the other central banks know that intervention over a long time is 'backed by monetary policy.'"

In New York, Mr. Jones agreed that a significant shift had occurred. He linked it to a report Tuesday that West Germany's monthly trade surplus swelled to 11.5 billion DM (\$6.26 billion) in September, the second-highest level on record.

Some dealers, however, said they doubted central banks could force the dollar into any kind of range at the moment. "I think what they are hoping is that the market will find a bottom for the dollar that they can support," a trader said.

The dollar's decline also put strain on the European Monetary System by pushing the mark to a record high in Paris of 535.47 French francs per 100 DM, up from the previous record of 334.96, set Jan. 19.



DOLLAR BLUES — A chalkboard at the Frankfurt stock exchange, where the dollar was fixed nearly 3 pfennigs lower Wednesday against the Deutsche mark.

POLICY: Pressure Mounts on Bonn to Expand Economy

(Continued from Page 1)

exporting companies were particularly hard hit in Frankfurt on Wednesday, underlining the need for West Germany to rethink its hitherto "intransigent" attitude, they added.

If the Bundesbank does not act, there would be a crisis in the European Monetary System and the dollar would continue to fall, pushing U.S. bond prices down and further weakening the stock market, Mr. Brown said.

Other analysts were concerned that West Germany would continue to turn a deaf ear to pleas for action that would reduce its trade surplus, attract more imports and allow other European economies to grow faster. West Germany has long been resisting these pleas, for fear of reigniting inflation.

Most analysts and European officials, however, continued to give equal priority to the adoption of a "market-conforming" plan in Washington to cut the U.S. budget deficit, preferably within the next few days.

But there were fears that political posturing in Washington would delay an early deficit reduction accord. The Democratic-controlled Congress appeared to be more interested in forcing President Ronald Reagan to "say unci" on tax increases, which he has long op-

posed, than to fashion a serious budget agreement said one official.

"If the stock market won't wake them up, then the currency markets will have to," the official said, referring to both the congressional and White House negotiators.

As the Deutsche mark hardened against weaker European currencies such as the French franc and the Italian lira, private analysts speculated that European Community finance ministers might have to meet to discuss a possible realignment of EMS exchange rates.

But officials discounted the prospect, saying that it was quite usual for the gap between the mark and the other currencies to widen when the dollar fell.

One European source put the chances of an early meeting of the Group of Seven leading industrial countries at "better than 50-50," especially if the dollar continued to plunge. But the general view was that the worst thing possible would be to hold such a meeting without positive results.

U.S. officials continued to insist that no such meeting had been scheduled. The United States' James A. Baker III, the U.S. Treasury secretary, concentrated on ensuring the success of the budgetary negotiations between the White House and Congress in Washington, and not

have him distracted by a G-7 meeting, one official said.

Both government and private economists in Europe were hoping that the Washington negotiations would lead rapidly to a convincing commitment, not just to cut the budget deficit this year but to put it on a clear downward track in the years ahead. Such a plan, if possible, he agreed upon this week, they said.

European sources said that the plan could then be incorporated into a G-7 package, in which both West Germany and Japan would commit themselves to expansionary tax and interest rate policies.

Under those conditions, the seven countries could reaffirm their so-called Louvre agreement on exchange rate and economic policy cooperation in the hope of stabilizing the dollar at the low rate it would then have reached.

Private economists were unanimous in saying that the two main tasks were to keep growth alive in countries outside the United States so as to offset the slower American growth they now expect next year and to try to brake the dollar's descent.

Mr. Johnson said that under a "benign" scenario, he forecast the dollar dropping to 1.70 DM and 135 yen by the end of the year.

Wednesday's OTC Prices

NASDAQ prices as of 2 P.M. New York time. Via The Associated Press

Table A: OTC prices for various stocks including AIG, AIG-1, AIG-2, etc.

Table B: OTC prices for various stocks including BEI, BFC, BFC-1, etc.

Table C: OTC prices for various stocks including CCC, CFC, CFC-1, etc.

Table D: OTC prices for various stocks including EFC, EFC-1, EFC-2, etc.

Table E: OTC prices for various stocks including FFC, FFC-1, FFC-2, etc.

Table F: OTC prices for various stocks including GFC, GFC-1, GFC-2, etc.

Table G: OTC prices for various stocks including HFC, HFC-1, HFC-2, etc.

Table H: OTC prices for various stocks including IFC, IFC-1, IFC-2, etc.

Table I: OTC prices for various stocks including JFC, JFC-1, JFC-2, etc.

Table J: OTC prices for various stocks including KFC, KFC-1, KFC-2, etc.

Table K: OTC prices for various stocks including LFC, LFC-1, LFC-2, etc.

Table L: OTC prices for various stocks including MFC, MFC-1, MFC-2, etc.

Table M: OTC prices for various stocks including NFC, NFC-1, NFC-2, etc.

Table N: OTC prices for various stocks including OFC, OFC-1, OFC-2, etc.

Table O: OTC prices for various stocks including PFC, PFC-1, PFC-2, etc.

Table P: OTC prices for various stocks including QFC, QFC-1, QFC-2, etc.

Table Q: OTC prices for various stocks including RFC, RFC-1, RFC-2, etc.

Table R: OTC prices for various stocks including SFC, SFC-1, SFC-2, etc.

Table S: OTC prices for various stocks including TFC, TFC-1, TFC-2, etc.

Table T: OTC prices for various stocks including UFC, UFC-1, UFC-2, etc.

Table U: OTC prices for various stocks including VFC, VFC-1, VFC-2, etc.

Table V: OTC prices for various stocks including WFC, WFC-1, WFC-2, etc.

Table W: OTC prices for various stocks including XFC, XFC-1, XFC-2, etc.

Table X: OTC prices for various stocks including YFC, YFC-1, YFC-2, etc.

Table Y: OTC prices for various stocks including ZFC, ZFC-1, ZFC-2, etc.

Table Z: OTC prices for various stocks including A1FC, A1FC-1, A1FC-2, etc.

Table AA: OTC prices for various stocks including A2FC, A2FC-1, A2FC-2, etc.

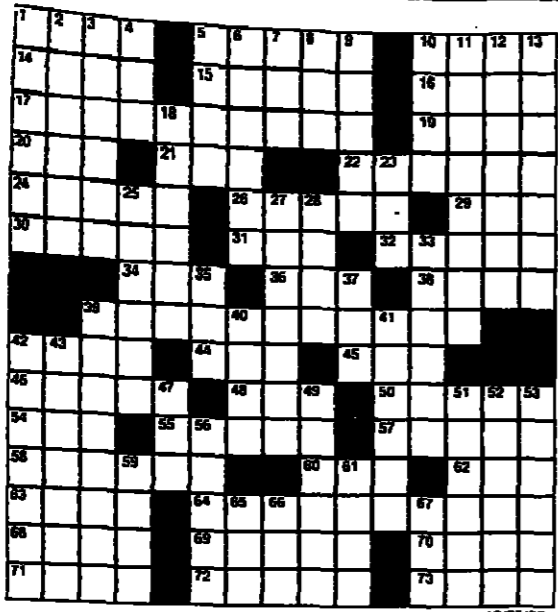
Table AB: OTC prices for various stocks including A3FC, A3FC-1, A3FC-2, etc.

Table AC: OTC prices for various stocks including A4FC, A4FC-1, A4FC-2, etc.

Table AD: OTC prices for various stocks including A5FC, A5FC-1, A5FC-2, etc.

Table AE: OTC prices for various stocks including A6FC, A6FC-1, A6FC-2, etc.

Table AF: OTC prices for various stocks including A7FC, A7FC-1, A7FC-2, etc.



ACROSS

1 Moslem prayer leader
5 Upright
10 Capella, e.g.
14 Access Maris Calif.
15 "The Wreck of the Mary..." 1959 film
16 Leader's love
17 Pretentious official
19 Saarinen
20 One, in Dundee
21 Bounder
22 Typewriter part
24 Bounded
26 Weird
29 Chemical
30 Ike's opponent
31 Cheerleader's word
32 Cooper's Bumpo
34 Mauna
36 Early auto
38 Disarrange
39 Menorah, e.g.
42 Japanese parliament
44 "The Greatest" (wine-bottle words)
45 Moray
46 Like some seals
48 Pasture
50 Lura's fish

DOWN

12 Checks for one
13 Andy and Mickey
18 Gambler's delight
23 Deighton or Dawson
25 Taste
27 More ancient
28 Salvador, El
33 Charm
34 Looking-glass land denizen
35 Short, erect tail
39 "Les Troyens," e.g.
40 Interdiction
41 Subdue
42 "Mommie"
C. Crawford
43 A best seller in 1984
47 Congo red, e.g.
49 City on the Maine
51 Like arburs
52 King of England: 1017-35
53 Captivate
56 Bar, in law
59 Putting tool
61 An Anitu of songdom
65 New Deal agcy.
66 Poetic contraction
67 Second name

PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



WIZARD of ID



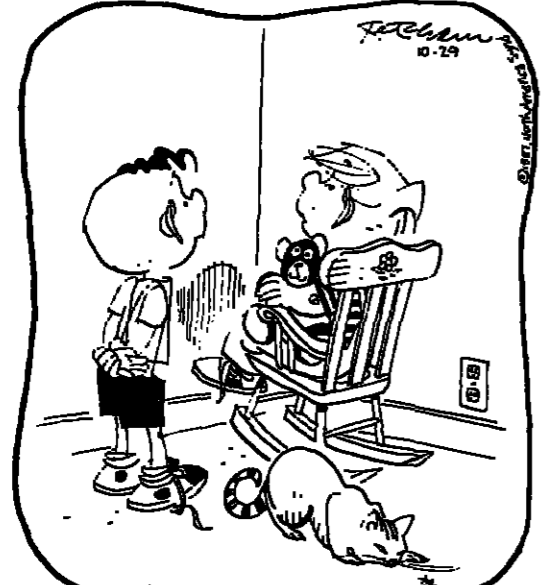
REX MORGAN



GARFIELD



DENNIS THE MENACE



"I HAVE TO STAY HERE BECAUSE I'M A YOUNG MAN WHO KNOWS WHAT'S GOOD FOR HIM."

JUMBLE

Unscramble these four Jumbles. One letter to each square, to form four ordinary words.

SLUPH
GILTH
VOALAW
BRICKE

Print answer here:

Yesterday's Jumbles: CURVE GLORY SAVORY FORGET
Answer: The person who may give you more trouble than anyone else—YOURSELF

WEATHER

EUROPE		ASIA	
High	Low	High	Low
Algeria	17	12	17
Amsterdam	12	14	11
Barcelona	12	13	13
Berlin	11	12	13
Brisbane	7	12	14
Buenos Aires	7	12	14
Cape Town	13	17	17
London	11	12	13
Los Angeles	17	24	18
Manila	13	24	18
Moscow	12	13	13
New York	12	13	13
Paris	12	13	13
Rangoon	12	13	13
Sydney	12	13	13
Tokyo	12	13	13

World Stock Markets

World Stock Markets
Via Agence France Presse Closing prices in local currencies. Oct. 28.

Market	Index	Change
Amsterdam	4600	+100
London	2300	+50
Paris	1200	+20
Stockholm	1500	+30
Sydney	1800	+40
Tokyo	2500	+60

BOOKS

THE FORDS: An American Epic

By Peter Collier and David Horowitz. Illustrated. 496 pages. \$22.95. Summit Books, 1230 Avenue of the Americas, New York, N.Y. 10020.

Reviewed by Christopher Lehmann-Haupt

BEHIND every great fortune there is a great crime. Balzac once said. Peter Collier and David Horowitz—after citing this remark near the end of their riveting new biography of the automotive family, "The Fords: An American Epic"—are always quick to add: "Old Henry, perverse as always, reversed things; the fortune came first and then the crimes."

Of course, by "crimes" Collier and Horowitz don't mean violations of public law, but instead moral transgressions, in this case what old Henry Ford did to his son, Edsel, by denying him his manhood, and what he did to his wife, Clara, by carrying on his long affair with Evangeline Cote, with whom he apparently conceived a son, and whose marriage to his chauffeur, Ray Dablinger, he seems to have arranged as a cover.

The authors have always been fascinated with such "crimes" of the rich and powerful, as evidenced by their two previous multi-generational biographies, "The Rockefeller: An American Dynasty" and "The Kennedys: An American Drama." But in the Ford family story they seem at last to have found their ideal subject. For here the sins have deeper consequences than the hurt they did to individuals.

Collier and Horowitz have written their own best book review when they observe in their concluding bibliographic note:

"As we became more deeply involved in our research, we discovered some of the same themes we'd found in our other books—eternal themes such as the conflict between parents and children, between the needs of the self and those of the family. Yet the existence

of the Ford Motor Co. gave these themes a weight and gravity. Whether or not Edsel Ford could assert his birthright against the destructive and irrational opposition of his father was a matter that had consequence for a company and an industry as well as for an individual. The ability of Henry II to assert himself against the grandfather in 1943 would affect the postwar economy of America as well as his own personal destiny and that of his brothers."

That is exactly right, and it explains why this new book is their best to date. Why "The Rockefeller" and "The Kennedys" both verged on the gossipy. "The Fords" is integrity and consequence.

Though the authors make the point a little too elaborately—their only excess—they are correct in emphasizing their story's classical form, its resemblance to many of literature's great dramas.

Once upon a time there was Henry I, who built a great industrial empire by perfecting the assembly line and bringing the automobile to the common man.

His fatal flaw lay in his being an "insecure man who felt that he had to keep reconquering the institution that was finally more important to him than his own flesh and blood."

His scapegoat was Edsel, "the wounded son whose personal tragedy created the decline of the Ford Motor Co." because his father would not allow him to upgrade and diversify the company's product and bring cars to anyone except the common man.

Then came Edsel's oldest son, Henry II, who combined both the strengths and weaknesses of his father and grandfather. These qualities caused him to hurt or destroy many members of his family. But they also allowed him to redeem his father's dream, and to turn the Ford Motor Co. into a successful modern corporation that no longer needed an autocrat to lead it.

Is this the best book yet to be written about the Fords?

Several worthwhile histories have been done on the family's great contributions to the automotive industry, from Allan Nevins's authoritative three-volume work, "Ford: The Man, the Man, the Company," to Robert Lacey's recent "Ford: The Men and the Machine." What is newsworthy about this new work is, first, the light it sheds on Henry's complex personality, and more important, the case it makes for Henry II, who died last month, in his battles with his rival, Lee Iacocca, now chairman of the Chrysler Corp.

Henry II was apparently willing to let his intact his reputation for being little more than a vindictive Falstaff. But Collier and Horowitz have shown he was Prince Hal and King Henry IV as well. He wasn't going to tell them. But they found out. And it makes a wonderful story.

Christopher Lehmann-Haupt is on the staff of The New York Times.

Solution to Previous Puzzle

SPECIALLY MAINTAINED
TOUCH SPIN AMOLE
BROADSIDE BEGIN
SALSA NERO NEST
THE GOOD EARTH
LATEST ALB
ORE TAPE ELATE
ONETOUCHOVENUS
MANIA TINA OFT
THE LOCATE
NEPTUNE BEACH
OGEE OVID TAMBO
BEARS INDIANIAN
ISLET LETS GENT
STERE STET ENDO

BRIDGE

By Alan Truscott

CUNNING players sometimes pass with freakish hands, planning to surprise their opponents later. This hiding-in-the-bushes tactic can succeed against naive opponents, but it courts disaster against an experienced partnership. That was the outcome on the diagrammed deal played a week ago in the Knickerbocker sectional tournament, but it came close to a surprising triumph. Sitting East and West, were Lisa and David Berkowitz of Old Tappan, New Jersey, who were en route to adding to their large collection of mixed titles won at the local, regional and national levels. Exactly how many spades South should bid after his opponents have bid the red suits is an interesting question. Three spades would probably work well because West might make an unsuccessful stab at four hearts. Curiously, South has less chance of success if he bids four spades, as many would. That would prod the

double. He led the diamond ace and had to decide whether his partner would be able to ruff the second round. He was able to find out by checking the other suits. He cashed his club ace and his heart ace, on which his partner played successive deuces. This was a clear message to revert to diamonds, and the ruff produced 800 for the defense. South wishes he had stayed in the bushes.

BRIDGE

NORTH	EAST
♠ 12	♠ 785
♥ 9	♥ 17
♦ 842	♦ 78
♣ 5	♣ 842

West (D) EAST
♠ A 10 7
♥ A J 7 5
♦ A 10 7 5
♣ 8 5

SOUTH
♠ K Q J 10 9 8 4
♥ 6 5 4
♦ 6 3
♣ A 2

North and South were vulnerable.
The bidding:
West North East South
1♣ 1♥ 1♠ 1♠
2♣ 2♦ 2♥ 2♥
3♣ 3♦ 3♥ 3♥
4♣ 4♦ 4♥ 4♥
5♣ 5♦ 5♥ 5♥
6♣ 6♦ 6♥ 6♥

West led the diamond ace.

Market	Index	Change
Amsterdam	4600	+100
London	2300	+50
Paris	1200	+20
Stockholm	1500	+30
Sydney	1800	+40
Tokyo	2500	+60

To Our Readers

Montreal stock market quotations were not available in this edition because of technical problems.

Reaching More Than a Third of a Million Readers in 64 Countries Around the World.

1987/10/29

SPORTS

Yanks' Mattingly Gets First 'Perfect' Rating in Major League Baseball

By Murray Chass
New York Times Service
NEW YORK — Don Mattingly of the New York Yankees, who for the past two years has generally been considered the best player in major league baseball, gained a new distinction Tuesday. He became the first player to receive a perfect score in the seven years of the ranking statistics.

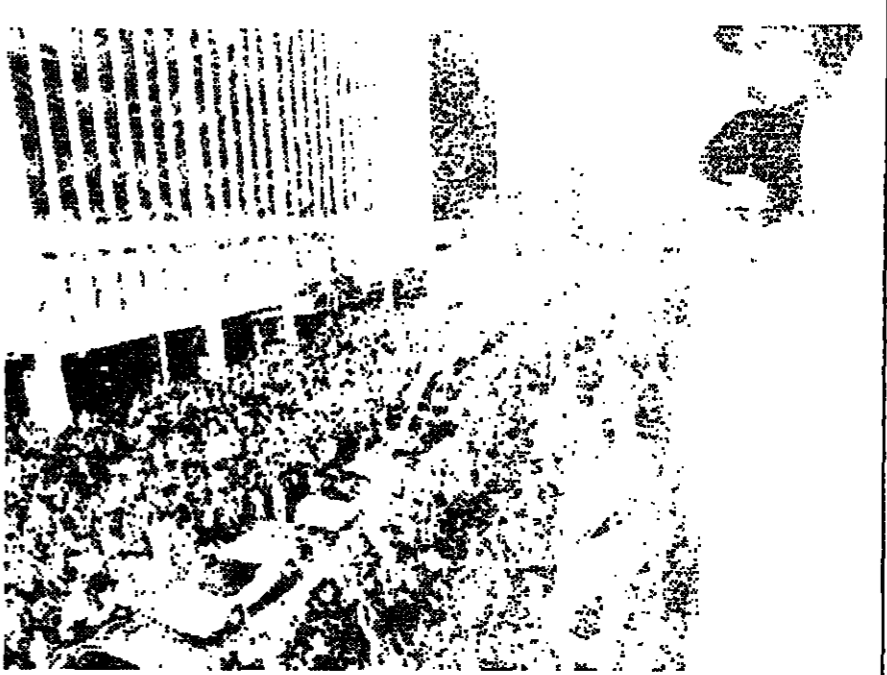
basemen, outfielders and designated hitters are grouped together, as are second basemen, third basemen and shortstops.
In the AL, Mattingly was the No. 1 player for the third straight year in his ranking group and Ripken was first in his group for the fourth consecutive year. In the NL, Murphy was No. 1 in his group, replacing Hernandez, who had replaced him last year after three years as No. 1. Schmidt was first among the infielders, supplanting Smith.



Kirby Puckett, the Twins' center fielder, was a touching sight as he rode through the streets decked out in fur coat and aviator's cap for the World Series victory parade.

Fans Shower Twins With Love 'n' Money

The Associated Press
ST. PAUL, Minnesota — Hundreds of thousands of Minnesota Twins fans showered their heroes with millions of dollars in shredded money and waved the ever-present Homer Hankies in a World Series victory celebration Tuesday.



In downtown Minneapolis, the team's parade was showered with shredded money.

Hearn Takes Aim at Roldan, a Fourth Title and History

By Phil Berger
New York Times Service
NEW YORK — Thomas Hearn will be shooting for a place in boxing history Thursday when he fights Juan Roldan for the World Boxing Council middleweight title in Las Vegas. Should he win, Hearn would be the first fighter to have held four world titles.

erning bodies: the WBC, the World Boxing Association and the International Boxing Federation. Each of those groups has a different set of champions, except in the rare instance where a title has been unified. Currently, only the heavyweight division has an undisputed champion: Mike Tyson. All other weight classifications have multiple claimants.

Leonard scored a knockdown in the 13th round and stopped Hearn's round later. Hagler was another story. In their April 1985 bout, Hearn decided to fight toe-to-toe with the undisputed middleweight champion. While it lasted, the blows were nonstop and vicious. Again, though, Hearn unraveled, as fatigue and the toll of Hagler's punches made his legs wobble. Hagler knocked him out in the third round.

Leonard scored a knockdown in the 13th round and stopped Hearn's round later. Hagler was another story. In their April 1985 bout, Hearn decided to fight toe-to-toe with the undisputed middleweight champion. While it lasted, the blows were nonstop and vicious. Again, though, Hearn unraveled, as fatigue and the toll of Hagler's punches made his legs wobble. Hagler knocked him out in the third round.

Swedes Get NFL, British Drooped

The Associated Press
KANSAS CITY, Missouri — The owners of the National Football League teams approved Tuesday the playing of two exhibition games outside the United States next summer: the Chicago Bears against the Minnesota Vikings in Gothenburg, Sweden, on Aug. 12 or 13 and the New York Jets against the Cleveland Browns in Montreal, between Aug. 18 and 19.

Trainer Nikolai Nasibov sees only one similarity between the Soviet and U.S. thoroughbred industries: 'We have the same crazy people like in America. They like to bet.'

And pulled them from a hat, and I was the one who got Antline. "He was a very good horse. He is remembered not only in the Soviet Union but in Europe. In the International, he just couldn't keep up in the final 500 meters. But we haven't had a horse so good for a long time."
Is Gjak in Antline's class? "No, no," Nasibov replied. He explained that the Soviet Union has better horses in the Soviet Union when it was decided to send a representative to the International.

SPORTS BRIEFS

NFL Pension Surplus 'Wiped Out'
KANSAS CITY, Missouri (WP) — Jack Donlan, the National Football League's chief labor negotiator, said Tuesday at the annual fall meeting of the league's owners and the league commissioner, Pete Rozelle, that the players' pension fund surplus — which had been \$40 million — has "for all intents and purposes" been "wiped out" by the declining stock markets.

Tottenham Picks Venables to Manage

LONDON (AFP) — The English first division soccer team Tottenham Hotspur ended four days of intense speculation Tuesday when it chose Terry Venables to take over from David Pleat as manager on Dec. 1.

For the Record

The Seibu Lions, with a bases-empty homer by former major leaguer George Vukovich beat the Yomiuri Giants, 2-1, to take a 2-1 lead in the best-of-seven Japan Series.

PGA Leaders

Table with columns: Player Name, Score, Par, etc. Includes names like Larry Mize, Tom Kite, Fred Couples.

Skiing

Table with columns: Event, Name, Time, etc. Includes names like Lutz Dombroski, Kjetil André Aamodt.

World Cup Schedule

Table with columns: Date, Location, Event, etc. Lists various international skiing events.

European Soccer

Table with columns: League, Team, Score, etc. Lists various European football matches.

SCOREBOARD

Table with columns: Team, Score, etc. Lists scores for various sports including Football, Golf, and Hockey.

Football

Table with columns: Team, Score, etc. Lists scores for various football games.

Golf

Table with columns: Player Name, Score, etc. Lists scores for various golf tournaments.

Skiing

Table with columns: Event, Name, Time, etc. Lists results for various skiing events.

World Cup Schedule

Table with columns: Date, Location, Event, etc. Lists various international skiing events.

European Soccer

Table with columns: League, Team, Score, etc. Lists various European football matches.

NHL Standings

Table with columns: Team, Points, etc. Lists standings for various NHL teams.

U.S. College Leaders

Table with columns: Team, Score, etc. Lists scores for various college sports.

Football

Table with columns: Team, Score, etc. Lists scores for various football games.

Golf

Table with columns: Player Name, Score, etc. Lists scores for various golf tournaments.

Skiing

Table with columns: Event, Name, Time, etc. Lists results for various skiing events.

World Cup Schedule

Table with columns: Date, Location, Event, etc. Lists various international skiing events.

European Soccer

Table with columns: League, Team, Score, etc. Lists various European football matches.

NHL Standings

Table with columns: Team, Points, etc. Lists standings for various NHL teams.

